

Is Shanghai Really a “Global City?”

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Paper for City Futures

--International Conference on Globalism and Urban Change

July 8-10, 2004 Chicago, IL

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* The author wants to thank Professor Hank V. Savitch for his helpful comments and suggestions for the development of this paper. The author also wants to acknowledge the helps and assistances from the faculties, students, and staffs at the School of Urban and Public Affairs, University of Louisville for the completion of this paper.

Abstract

Since the 1970s, the global economy leads the urban world to a new era. Urban centers regain their leading role in the global economy. Global cities, such as New York, Tokyo and London, occupy the top of the hierarchy of cities in the tide of globalization. The paper applies the “global city” paradigm to Shanghai, an emerging powerful city on the Pacific Rim, and tries to explore the question of whether Shanghai is really a “global city.” Three hypotheses will be tested in order to answer the research question by analyzing aggregated data from a broad range of sources. The quantitative methodology will be followed by a brief discussion of the new pro-growth local political economy in Shanghai, trying to explain what has made the city sustain its high economic growth during the last decade.

I Globalization and Cities

Globalization is not a new theme in urban studies. Since the 1970s, the ever-changing global economy has led the urban world to a new era. The globalization of world economy is symbolized by the deindustrialization of economy, migration of population, advancement of technology, and standardization of products (Castells, 2000; Friedmann, 1986; Sassen, 2000, 2001; Savitch, 1996; Savitch and Kantor, 2002). The great economic transformation has influenced human settlement and mobility. With the decline of traditional manufacturing industries, financial houses and corporate headquarters have become the new growth engine for cities that compete in the global marketplace. The change in the composition of global economy demands top-level concentrations of technology facilities, highly advanced infrastructures for specialized services, and innovative strategies to facilitate new economic growth. All these are concentrated in cities whose agglomerative features make them natural centers for coordination and direction. Savitch (1996) found that cities are extraordinarily efficient. In 1990, Barcelona held 7 percent of its nation's Gross Domestic Production (GDP), Seoul held 23 percent, Sydney held 19 percent, and New York contained 2.5 percent (Savitch, 1996, p.46).

As urban centers continue to dominate the creation of national wealth and occupy a leading place in the global era, globalization does produce differential impacts on cities. Profound changes in the composition, geography, and institutional framework of the global economy have had intrigue implications for cities (Sassen, 2000, 2001; Savitch, 1996; Savitch and Kantor, 2002). Savitch (1996) argues that globalization (globalism) not only refers to the integration of world economy but also is political and socio-cultural. It

conveys intensification of interaction and interconnection between localities across the world (Savitch, 1996, p.41). Cities respond differently to the challenge and opportunity in the face of globalization due to their diverse constitutional, economic, and social features (Clarke and Gaile, 1998). Urban scholars have tried to identify the hierarchy of cities in the tide of globalization (Castells, 2000; Friedmann, 1986; Ruble, Tulchin, and Garland, 1996; Sassen, 2000, 2001; Savitch, 1996; Savitch and Kantor, 2002). At the top of the pyramid are the so-called “world cities” (Friedmann, 1986), “mega-cities” (Castells, 2000), “global cities” (Sassen, 2000, 2001), or “primate cities” (Savitch, 1996; Savitch and Kantor, 2002). For the sake of consistency and clarity, the term of “global cities” will be used hereafter. The following section reviews the thesis of global cities.

Ruble et al. (1996) identify “five paths” of the ways in which different cities respond to the challenge of globalization. The “postindustrial cities” are among the great industrial centers of the past that reflect differential rates of adjustment to postindustrial realities. Such cities are located primarily around the North Atlantic Rim, some of them in Latin America. The “new age boomtowns” are cities that have capitalized on newly developed industries and technologies to emerge as major financial-service production centers, with special reliance on postindustrial technologies. The “postsocialist cities” are located throughout the formerly communist states of East Central Europe and Central Eurasia and confront multiple transitions simultaneously. The “partially marketized cities” are urban communities of the developing world, primarily in Latin America, that are embedded in statist regimes and have undergone political transformations. The “marginalized cities” are cities that can be found throughout the developing world and

are bypassed to a large degree by technological change and the global economy (Ruble et. al., 1996, pp.5-16). Table 1 illustrates Ruble et. al.' typology of cities.

--Insert Table 1 About Here--

Friedmann (1986) establishes the world city model as the main thesis to link urbanization processes to global economic forces, which explains the spatial organization of the new international division of labor and presents interrelated theses to explore what happens in the major global cities of the world economy (Friedmann, 1986). Castells (2000) finds mega-cities as a new spatial form of the global economy and as dominant centers of population, magnets for their hinterlands, and gravitational power toward major regions of the world (Castells, 2000, p.434). Sassen defines global cities as strategic sites for the management of the global economy and the production of the most advanced services and financial operations (Sassen, 2000, 2001). Savitch and Kantor (2002) describe primate cities as cities that not only hold financial houses and corporate headquarters but also are balanced by textile manufacture, light industry, chemical production, and warehousing. Primate cities are giant entities whose agglomerations are at least twice as large as the next largest city in the nation (Savitch and Kantor, 2002, p.27). Table 2 summarizes the four paradigms.

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Based on the literature reviews, this paper identifies three fundamental characteristics of “global cities,” upon which Shanghai will be examined:

1. Central places to the national economy
2. Concentration nodes for global capital
3. Agglomeration sites to provide professional services

II Applying the Global City Paradigm to Shanghai

A Brief Introduction to Shanghai

Urban scholars have applied the paradigm of global cities to study not only traditional leading giant cities such as New York, Toronto, London, and Paris (see, for example, Abu-Lughod, 1995; Sassen, 2000, 2001; Savitch, 1996; Savitch and Kantor, 2002;) but also emerging economic power houses in Latin America and on the Pacific Rim (see, for example, Douglass, 2000; Hill and Kim, 2000; Lo and Marcotullio, 2000; Short, Kim, Kuus and Wells, 1996; Wu, 2000). As a rapidly growing economic power engine on the Pacific Rim, China has become one of the focal points for urban studies of cities and globalization. After twenty-five years of open-up policy, China has become more and more integrated into the global economy, which has dramatically changed the landscape of urban development in the country. Chinese cities have once again come back to the network of global economy, particularly after China's reentry to the World Trade Organization (WTO). Among them, Shanghai, a city that was once called "The Paris of the East, The New York of the West," stands as the "dragon's head" of the globalized Chinese economy. In 2002, Shanghai won the bid to host the 2010 World Exposition, which in an earlier era could solidify a city's reputation as a global hub (like New York in 1939) or put emergent world cities on the international map (like Chicago in 1893). Local Shanghai officials and media are hoping that this successful bid would help the metropolis to regain the reputation it once had in the 1930s (Wasserstrom, 2003).

With current population over sixteen million, Shanghai is the biggest city in China. Shanghai is located half way between the north and the south along China's coastal line, which makes Shanghai an excellent sea and river port, boasting easy access

to a vast hinterland. In the 16th century, Shanghai became the national center of textile and handicraft industry. In 1685, Shanghai set up its first customs office. Since the Opium War in the mid-19th century, Shanghai has served as a major trading port and gateway to inland China. Today, Shanghai has become the largest economic and transportation center in China and is striving to turn itself into an international economic, financial, trade, and shipping center. The following sections use the global city paradigm discussed above to examine Shanghai and see how Shanghai fits into the image of a “global city.” Three research questions are posed:

1. Is Shanghai central to the national economy?
2. Is Shanghai a concentration node for global capital?
3. Is Shanghai an agglomeration site to provide professional services?

Analysis I: Is Shanghai Central to the National Economy?

According to Savitch and Kantor (2002), primate cities generate a substantial portion of their national Gross Domestic Product (GDP) and could be twice as large as the next largest city in the nation (Savitch and Kantor, 2002, p.27). In order to examine Shanghai’s economic importance in the national economy, Figure 1 examines Shanghai’s GDP growth and its shares of the national GDP from 1992 to 2001. The data for Shanghai’s share of national GDP tells its relative importance to the national economy.

--Insert Figure 1 About Here--

We can see that Shanghai made up a larger percentage of national GDP during the nine-year period and showed a steady increase. Its share of the national GDP increased from 4.18% to 5.16% in this period. In terms of absolute value, Shanghai’s GDP grew by

142% from 1992 to 2001 (in constant values), with an annual average increase of 8%. According to the data, Shanghai shows a strong growth pattern and has become increasingly dominant in the national economy.

In order to stimulate further economic growth, in the early 1990s Shanghai designated the 522.75 square kilometers Pudong New Area as its new development area. Pudong is a triangular area to the east of the Huangpu River and to the west of the Yangtze River estuary. It occupies the central spot of China's coastal line where the Yangtze River pours into the East China Sea. With the developed downtown Shanghai and the vast and rich Yangtze River Delta in its west precincts, the new area has an easy access to countries and regions on the Pacific Rim and in Southeast Asia. In 1990, Pudong's economic output value was only 6.024 billion Yuan (US\$ 73.2 million), but the figure soared to 150.388 billion Yuan (US\$ 18.2 billion) in 2003, up 23 times and representing an annual increase of 27.7% in terms of comparable prices (Basic Facts of Shanghai—a, n.d.).

China is still a developing country and the main goal for its national economic development at present is to first satisfy the basic living necessities for its citizens and then improve their livings standards. Shanghai is a city that has accomplished the goal of satisfying the basic living needs for its residents and is leading the way to improve their living standards. A comparative examination of the income data in Shanghai and at national level will help reveal the faster income growth in the city.

--Insert Figure 2 About Here--

Figure 2 shows that Shanghai had higher income levels and growth rates than those at national level during the six-year period. The per capita income in Shanghai

increased 63.9% from 1995 to 2001, while the national figure increased by 46.4%.

Especially after 1998, Shanghai took on rather rapid growth. In 2001, Shanghai almost doubled the national per capita income. The income data shows that Shanghai has taken on its growth path to a modernized “white-collar” city which very few Chinese cities have accomplished.

In conclusion, the above analyses show that Shanghai occupies the central place in the national economy and has experienced an enormous economic growth in the last decade. As Shanghai is leading the way for the national economic development, it can at least be justified as a “primate city” in China.

Analysis 2: Is Shanghai a Concentration Node for Global Capital?

One of the characteristics of the new global economy is that the financial transactions replaced world trade as the major composition of the international flow. Foreign direct investment is one of the most important indicators of the processes of capital flow and relocation in the new millennium. The high degree of concentration has been one of the major patterns of the new development of global foreign direct investment (Sassen, 2001). Almost all the research on the “global city” thesis agrees that global cities are strategic sites for the high concentration of global capital. Global cities have advanced technology, infrastructure, and human resources that are vital to attract capital flow and absorb global capital into domestic economy. This section examines Shanghai’s performance in attracting global capital in terms of its absorption of foreign direct investment and international transaction volumes.

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Figure 3 shows Shanghai's absorption of foreign direct investment from 1994-2001. We can see that there were two periods of steady growth from 1994-1997 and 1999-2001, with a decrease around the year of 1998. We understand that it was due to the massive financial crisis in the Southeast Asia. Despite the fluctuation due to external economic conditions, Shanghai has shown a fairly strong capability to attract foreign direct investment. Considering the huge competition from Latin American and other Asian countries in recent years, Shanghai not only recovered from the loss of foreign capital due to the 1997 Southeast Asia Crisis but also reached a historical peak of foreign direct investment absorption of US\$ 4.29 billion in 2001.

Another indicator of international flow is a locality's import and export volume. Located in the Yangtze River delta and at a national convergence of road, water, and air transportation modes, Shanghai is a major gateway city for international business transactions. Figure 4 shows the city's import and export data from 1993 to 2001.

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Shanghai's export reached US\$ 27 billion with over US\$ 33 billion import volume in 2001. Compared to the data of its relative share of the national GDP we found in the previous section, Shanghai occupies an even more important position regarding to international trade activities. In 2001, while the city produced 5.16% of the national GDP, it provided more than 10% for the national import and export volumes. The finding reiterates Shanghai's central position in the national economy and its strategic position as a concentration place of global capital.

Shanghai is the only Chinese city that has two international airports—Shanghai Pudong (PUG) and Hongqiao (SHA). Pudong International Airport was built in 1999 and

designed to be the main airport for Shanghai in the 21st century. It has an annual capacity of 70 million passengers, 5 million tons of cargo, and 320, 000 movements and quickly became one of the main airports in the Pacific Rim region. According to the data released by Airports Council International-North America (ACI-NA), in 2002, the accumulative cargo volumes of the two airports were ranked top 20 in the world, with top 35 passenger volume and top 75 movements among the world largest airports (Airports Council International-North America, 2002).

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In terms of sea port capacity, according to the Maritime Statistics published by the United States Department of Transportation (USDOT), Shanghai was ranked the 23rd in the world in terms of port calls, with 3,307 calls and a capacity (port calls multiplied by dry weight) of 108, 532 tons (United States Department of Transportation, 2002).

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Waigaoqiao Free Trade Zone and Jinqiao Export Processing Zone are two areas in the Pudong New Area that are specifically designated to promote international trade. Waigaoqiao Free Trade Zone is one of the largest bonded areas in China and has expanded its business in international trade, export processing, and bonded storage businesses. In 2003, the Waigaoqiao port handled 55.774 million tons of cargo and 6.614 million containers, up 42.5% and 42.8%, respectively, from the previous year. More than 600 enterprises specializing in storage and distribution had moved into the zone, covering a combined business space of more than 900,000 square meters and with their business reaching all major areas around the country (Basic Facts of Shanghai—b, n.d.).

Jinqiao Export Processing Zone has become one of Shanghai's key bases for development of its high and new technology. By the end of 2003, the zone had attracted a total of 234 overseas-invested enterprises with a combined contractual foreign investment of US\$ 10.07 billion, of which US\$ 3.05 billion had already been utilized. The same year, the zone's industrial output value totaled 103.819 billion Yuan (US\$ 12.6 billion), of which the output value of high and new technology industries reached 50.769 billion Yuan (US\$ 6.2 billion and 48.9% of the total). Fast development has been reported in high and new technology industries, such as manufacturing of cars and auto parts, microelectronics and computers, modern telecommunication facilities, biomedicine, optical and electric machinery, and new household electric appliances (Basic Facts of Shanghai—c, n.d.).

In conclusion, Shanghai has become a strategic concentration node for global capital. Its geographic location together with its world leading capacity in air- and water-way transportation make the city a global convergent point of investment and trade activities. The city also develops competitive infrastructures, network, and urban policies to attract more foreign investment and promote international transaction.

Analysis 3: Is Shanghai an Agglomeration Place to Provide Professional Services?

The expansion of professional services is another central feature of globalization. During the last three decades, employment losses in manufacture, ports and warehousing sectors were enormous in cities across the world. Leading giant cities like New York, London, and Paris had to refill their employment losses by reorganizing their economy and adjusting it to post-industrial world. These primate cities generally did well; London

emerged as the banking center where capital could be concentrated, New York as a producer of financial instruments where loans and mergers could be consummated, and Paris as a seat for corporate headquarters and professional services where deals could be struck (Savitch and Kantor, 2002).

Sassen (2000) defines producer services as “services for firms,” including “financial, legal, and general management matters; innovation; development; design; administration; personnel; production technology; maintenance; transport; communications; wholesale distribution; advertising; cleaning services for firms; security; and storage” (Sassen, 2000, p.61). The growing complexity, diversity, and specialization of producer services seek locations that can provide specialized agglomeration economies, advanced technology infrastructures, and high innovative environments. Giant cities sustain these competitive advantages and achieve rapid growth and disproportionate concentration of producer services. The concentration forms a transterritorial “center” constituted via intense economic transactions in the network of global cities (Sassen, 2001). The cities that are at the top of the world city hierarchy, including New York, Los Angeles, London, Paris, and Tokyo, occupy the most powerful places in the network as the major international finance and business centers. Sassen finds that in New York, Paris, and Tokyo, the share of producer service employment is at least a third higher than and often twice as large as the share of these industries in total national employment (Sassen, 2001, pp.124-132).

Savitch and Kantor (2002) study the great transformation of deindustrialization by analyzing the employments in secondary and tertiary industries (Savitch and Kantor, 2002, pp.5-7). Their model will be applied here for two reasons. First, in a developing

country such as China, the change of employment distribution in different sectors is more significant than in pure professional services like finance, insurance, and real estate (FIRE). Studying the overall pattern of employment distribution over time can depict a broad picture of the impact of globalization on the locality. Secondly, the employment data in FIRE industries is very limited. China does not collect more break-down employment data in specific industries than first, second, and tertiary sectors. It also did not collect revenue data in FIRE industries until 1998. The limited data for Shanghai's revenue in finance and real estate industries from 1998 to 2001 is presented to show the latest development.

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As we can see from Figure 5, China is still a developing country where primary industries are in the dominant position and provide half of the national employment opportunities. Shanghai shows a totally different picture. In 2000, the tertiary industry became the leading employment sector in the city for the first time in its history, which symbolized a significant transformation of the local economic output. At national level, in 2001, the employment in tertiary industries made up 27.7% of the total employment. In Shanghai, the number is 45.8%, 160% higher than that at national level. The “great transformation of deindustrialization” mentioned by Savitch and Kantor (2002) has already taken place in Shanghai.

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Figure 6 shows that Shanghai's fledging FIRE industries already provide hundreds of billions of revenue for the city. Significant fluctuations in revenue from the real estate industries reflect the fact that development policy and external investment

strongly affect the local market. Finance and insurance industries kept a relatively steady growth trend during the last several years. The limited data depicts a rough picture about Shanghai taking a particular growth trajectory that is very different from elsewhere in China. Remaining as a manufacturing center, Shanghai puts more efforts in its development of industries that are higher value-added and more competitive in the global marketplace. The economic output of its Pudong New Area signifies the new economic activities in the city. In 2002, of the total output value of the district, its tertiary industry reached 69.84 billion Yuan, up 14.9% from the previous year (Basic Facts of Shanghai—a, n.d.).

Shanghai is leading the way to transform to an information-based professional service concentration place. By the end of 2003, there were more than 3,500 financial institutions in the city, and the realized added value in this sector totaled 62.908 billion Yuan, accounting for 10.1% of the city's GDP. The balance of deposit accounts of all financial institutions in the city totaled 1,731.838 billion Yuan (US\$ 211 billion) and the balance of loans was 1,316.805 billion Yuan (US\$ 160 billion). The insurance market had also expanded. By the end of 2003, there were 41 insurance companies in the city, including 15 foreign-funded firms. They reported total premium revenue of 28.993 billion Yuan (US\$ 3.5 billion), up 22% from the previous year (Basic Facts of Shanghai—d, n.d.).

Following the liberalization of the accountancy sector in China in 1999, the central Chinese government announced a list of certified public accounting firms permitted to conduct finance-related audit business in China. Together with more than 50 domestic accounting firms, 11 foreign accounting firms, including the “Big Four,” have

established 17 agencies and 26 representative offices in China. Most of them have established their operations in Shanghai (Feng, 2003). Shanghai is also among the first few Chinese cities to open its legal service markets to the outside world. Shanghai has now 71 overseas law firms, accounting for 46% of the Chinese mainland's total: 60 come from 12 foreign countries and 11 come from Hong Kong. In 2002, their combined sales were 320 million Yuan (US\$ 38.7 million), giving an average 4.5 million Yuan (US\$ 540,000) for each firm (China Daily, 2003). Life insurance industry is another example to show the current development of professional services in Shanghai. Shanghai was the first Chinese city to permit foreign insurance companies to conduct business in China. Ever since American Insurance Group (AIG) was permitted to begin its business in Shanghai in 1992, 376 foreign insurance companies have obtained permits to establish 57 operating units in China. Most of them have set up their operation headquarters in Shanghai (Asia Pacific Bulletin, 2003).

The Globalization and World Cities Study Group (GaWC) published data on global cities and the number of global advanced producer service firms in each city. GaWC identified 55 global cities and Shanghai is one of them. Global advanced producer service firms are defined as firms that have offices in at least 15 different cities and GaWC has identified 46 global advanced producer service firms in accounting, advertising, banking and financing, and law (Taylor and Walker, 2002). While New York has the largest number of 105 offices of the 46 firms, the average number for the 55 global cities is 40. Shanghai has 27 global firm offices and is ranked 45th among the 55 global cities. This data indicates that Shanghai needs to put more efforts into attracting more global firms to the city.

In order to strengthen its local human sources for providing professional services, Shanghai is speeding up the development of a modern system of higher education that features complete disciplines and trains high-level specialized talents. In 2003, Shanghai had 57 regular institutions of higher learning, as well as advanced vocational and technical colleges. They enrolled a total of 120,300 students and the total number of their students reached 378,500 in 2002. In the same year, 1,994 graduate candidates obtained their doctor's degrees and 7,683 got their master's degrees. In 2000, 11.4% of the city's population had a college-equivalent education, 4.3% more than in 1990 (Basic Facts of Shanghai—e, n.d.).

In conclusion, Shanghai is taking a particular growth trajectory under the impact of the global economy. It quickly adjusts from a traditional manufacturing center to a place that provides advanced professional services to the whole world. With China's reentry to the WTO, Shanghai has become the national gateway to open its finance, insurance, and real estate market. It is rapidly becoming a global agglomeration site to provide professional services.

III Discussion: The Local Political Economy in Shanghai

The above discussions show a dynamic picture of Shanghai regaining its reputation as a global city. The analyses post, by and large, positive answers to the three research questions. Shanghai is on its way to reach the top position in the hierarchy of cities in the global economy. However, it is really not easy for Shanghai to stand out in the competition. Besides the global competitions from overseas (the east), Shanghai also faces fierce competitions from its peer Chinese cities from the north (Beijing), the south

(Great Guangdong Region including Hong Kong, Guangzhou, and Shenzhen), and the west (the undergoing “great development” in western inland China). As a result, Shanghai is really “under siege.” From the previous discussions, we understand that Shanghai obtains strong comparative advantages in the competition. Its geographic location makes it a natural convergent place for different transportation modes. Its long history as the manufacturing center in China provides the city with a strong economic base for future development. The enormous inward investment helps the city develop its advanced network of technology infrastructures and professional workers to support its transition from a traditional industrial city to a highly specialized and diversified center that provides producer services to the whole world. As the leading economic entity in China, Shanghai obtains favorable external economic policies that provide a strong base for potential economic growth. However, in order to answer the question about what makes the city grow and why Shanghai is able to sustain its growth, we have to look more closely at its local political economy that encourages fast economic growth. China is under a great transition towards a more market-oriented economy, which dramatically changes the relationships between its central and local government and reshapes its urban governance (Wu, 2002; Zhang, 2002a, 2002b). As the central government transfers more decision-making powers to municipal governments through mechanisms like revenue sharing and bottom-up policy making, local governments become more important players in urban governance. Decentralization and localization have been a dominant theme in urban development in China in the last decade. Local government is moving from its traditional role of producing services and administering policies to a new function of supporting the formulation of local development strategies and growth coalitions with

businesses. One major impact of the devolution is the decentralization of decision-making power over land use (Zhang, 2002b; Zhu, 1999). Although China is still a country where land is owned by the government, the land use is no longer free in Chinese cities. Land-leasing income has played an increasingly important role in local revenue. As the economies in southern coastal localities boom due to foreign investments, Chinese cities realize that foreign investment is a great stimulus for local economic growth. Localities are fighting to attract new capital, particularly foreign capital for local development. Cities offer all kinds of incentives such as cheap land leasing price, free infrastructure constructions, and employee trainings for coming investors. Market-oriented economy produces tremendous competitions among different regions and localities in China. As a result, attracting foreign investment through urban land provision has been a key strategy of local economic development (Zhang, 2002a).

Scholars have applied American regime and coalition theories to analyze urban development and governance in China (Zhang, 2002a; Zhu, 1999). Zhang (2002a) identifies the emergence of a new growth coalition in Shanghai, composed of “local government and nonpublic sectors (international and domestic) with limited central involvement in development projects and little community participation in decision making” (Zhang, 2002a, pp.496-497). In the contemporary Chinese political system, although local officials are still appointed by the higher level government, local public officials have to show their capabilities in economic development to both their superiors and the residents in order to be promoted. Probably the most “visible” achievements are those large-scale development projects, such as industrial parks, municipal transit systems, or upper-scale housing projects. Therefore, local governments play a strong role

as facilitators to attract new large-scale development. These governments have understood that advanced infrastructures, favorable policies, and good services can attract more foreign-funded projects. To encourage more investment, the municipal Shanghai government spent 150 billion Yuan (US\$ 18.12 billion) from 1995 to 2000 to improve basic facilities, such as public transportation, communications, water supply, power and gas, and environment protection (People's Daily, 2000).

As Shanghai is also a political center in China, its public officials try even harder to obtain their political legitimacy in order to be promoted to the national level. During the last fifteen years, waves of Shanghai public officials became the national political leaders due to the outstanding local economic performance. Since they took the top positions in the central government, Shanghai received more preferential policies, from better tax-sharing arrangements to stronger political autonomy in development policies. Therefore, achieving “political capital” has been a strong stimulus for the local Shanghai government to pursue a high growth strategy and become an active leader in the pro-growth coalition.

As far as the business side is concerned, foreign investors are always interested in cheaper land with high potential for value increase, preferential policies, and financial incentives offered by the Shanghai government (Wu, 2000). While local government and businesses (predominantly international) are the dominant players in the growth regime, other interest groups, like local small businesses and residential groups, remain weak in the regime (Zhang, 2002a). Lack of electing power and organized efforts prevent business and resident organizations from obtaining stronger positions in the regime.

In general, the city is mobilizing all the possible resources to compete with both domestic and foreign competitors. Coupled with its industrial and natural competitive advantages, the pro-growth coalition formed in Shanghai fosters a favorable political economic environment for its sustainable fast economic growth.

IV Conclusion

The paper approaches the question of whether Shanghai is really a “global city” by examining Shanghai’s centrality to the national economy, capability to absorb global capital, and strategic function to provide professional services. All the answers are generally positive and show a picture of Shanghai on its way back to the top of the world city hierarchy. Shanghai has become the leading economic force in China lately. With its advantageous air and sea port transportation, Shanghai serves as an important regional node in the global economy network and absorbs enormous amount of global capital. Among the few Chinese cities, Shanghai has accomplished its transformation from a traditional industrial center to an information-based economic entity and provides a wide range of professional services to the global economy. Not less importantly, Shanghai has formed a regime-like pro-growth coalition that encourages the local economy to grow at a fast pace. Its competitive economic basis and aggressive pro-growth local political economy provide strong drive for the city to pursue and sustain high economic growth in the global economy.

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Table 1 City Typology (Ruble et al., 1996)

Paths	Characteristics	Typical Cities
Postindustrial city	<ul style="list-style-type: none"> • Great industrial centers of the past • Adjustment to postindustrial development • Severe social disolation 	<ul style="list-style-type: none"> • North Atlantic Rim cities like New York, London, Tokyo, and Paris • Latin American cities like Mexico City
New age boomtown	<ul style="list-style-type: none"> • Capitalize on newly developed industries and technologies • Major financial-service production centers • Special reliance on postindustrial technologies 	<ul style="list-style-type: none"> • Pacific Rim cities like Sydney, Singapore, Hong Kong, etc. • North American cities like Seattle, Vancouver, etc. • Latin American cities around the Gulf of Mexico like Sao Paulo
Postsocialist city	<ul style="list-style-type: none"> • Throughout the formerly Communist states of East Central Europe and Central Eurasia • Confront multiple transitions simultaneously 	<ul style="list-style-type: none"> • European cities like Montpellier, Brussels, etc. • Ease Central European and Central Eurasia cities like
Partially marketized city	<ul style="list-style-type: none"> • Urban communities of the developing world • Embedded in statist regimes • Undergo political transformations 	<ul style="list-style-type: none"> • Primarily Latin American cities like Buenos Aires
Marginalized city	<ul style="list-style-type: none"> • Throughout the developing world • Bypassed to a large degree by technological change and the global economy 	<ul style="list-style-type: none"> • Primarily African cities like Johannesburg

Table 2 Paradigm for “Global Cities”

<p align="center">“World Cities” —Friedmann (1986)</p>	<p align="center">“Mega Cities” —Castells (2000)</p>	<p align="center">“Global Cities” —Sassen (2000, 2001)</p>	<p align="center">“Primate Cities” —Savitch & Kantor (2002)</p>
<ul style="list-style-type: none"> • Integration with the world economy • Basing point for global capital • Particular production sectors • Concentration and accumulation of international capital • Points of destination for migrations • Spatial and class polarization • Higher social costs 	<ul style="list-style-type: none"> • Very large agglomerations of human beings • Nodes of the global economy • Concentration of the directional, productive, and managerial upper functions • Control of media • Real politics of power • Symbolic capacity to create and diffuse messages 	<ul style="list-style-type: none"> • Command points in the world economy • Key locations and marketplace for leading professional industries • Major sites to provide producer services 	<ul style="list-style-type: none"> • Giant entities that are central to a national economy • Thriving nests of banks and corporate headquarters • Able to build upon economies of agglomeration

Table 3 Air Traffic Statistics for Shanghai in 2002

	Shanghai (PUG)		Shanghai (SHA)		Two Airports Accumulative World Rank*
	Amount (% Change from the previous year)	World Rank	Amount (% Change from the previous year)	World Rank	
Passengers	11,283,851 (57.2)	84	13,705,378 (-1.1)	71	32
Cargo	634,966 (80.1)	27	439,905 (-2.7)	36	19
Movements	107,335 (38.4)	182	117,875 (1.2)	169	72

Source: Traffic Statistics 2002. Airports Council International-North America (ACI-NA).

Available at <http://www.aci-na.org/asp/traffic.asp?page=90>

* Calculated from the original data

Table 4 Sea Port Traffic Statistics for Shanghai in 2000

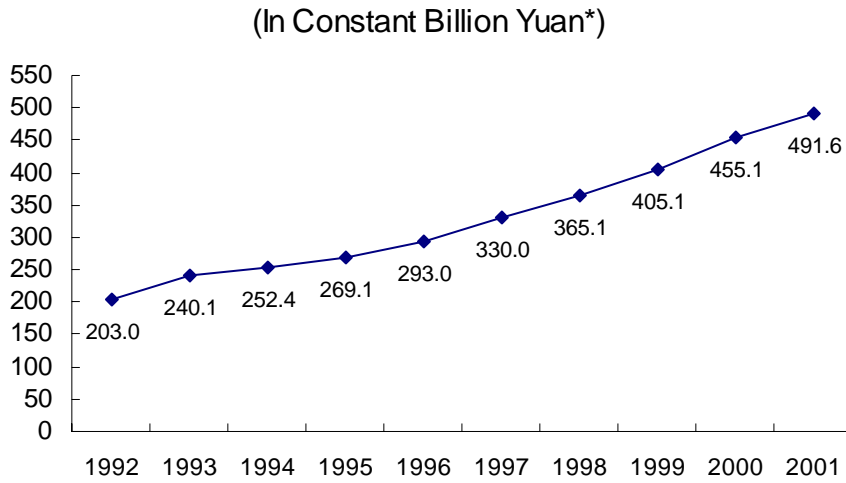
	Tanker	Dry Bulk	Containership	Other General Cargo	Total
Calls	180	782	1,763	582	3,307
Capacity	6,208	44,157	47,449	10,718	108,532

Note: Excludes calls by vessels under 10,000 dry weight tons. Capacity = Dry Weight * Calls

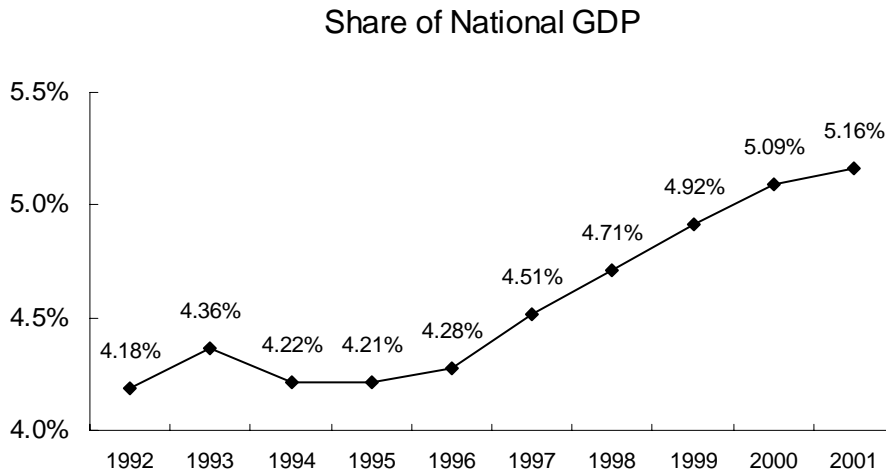
Source: Top 25 World Port Calls by Vessel Type 2000. Lloyd's Maritime Information Services, Vessel Movements. Maritime Administration. The United States Department of Transportation.

Available at http://www.marad.dot.gov/Marad_Statistics/World-Port-Calls-00.htm

Figure 1 Gross Domestic Product (GDP) for Shanghai 1992-2001

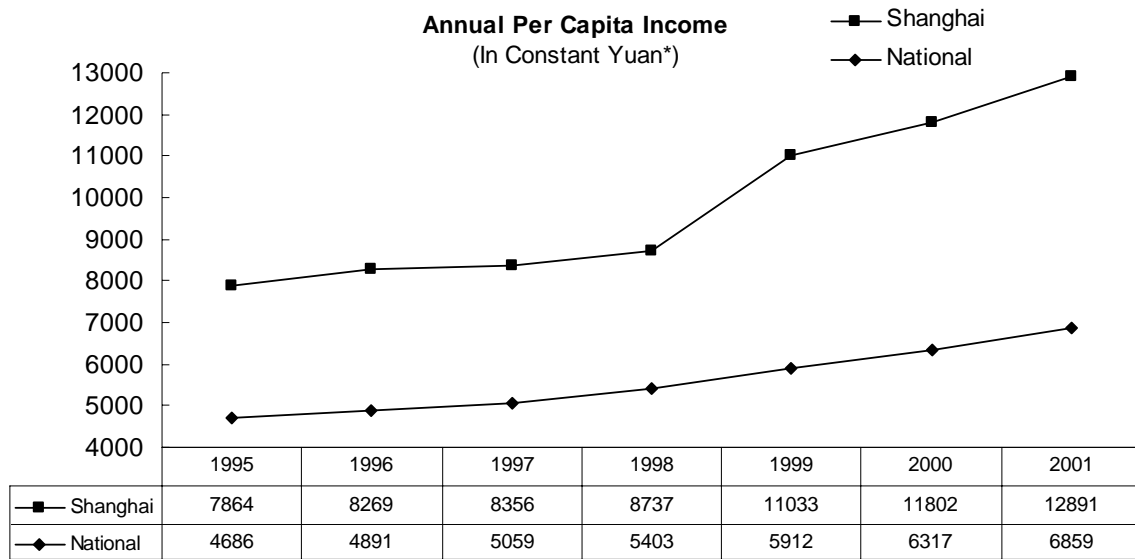


*Based on Consumer Price Index normalized for 2000 current Yuan=1.00 Constant Yuan



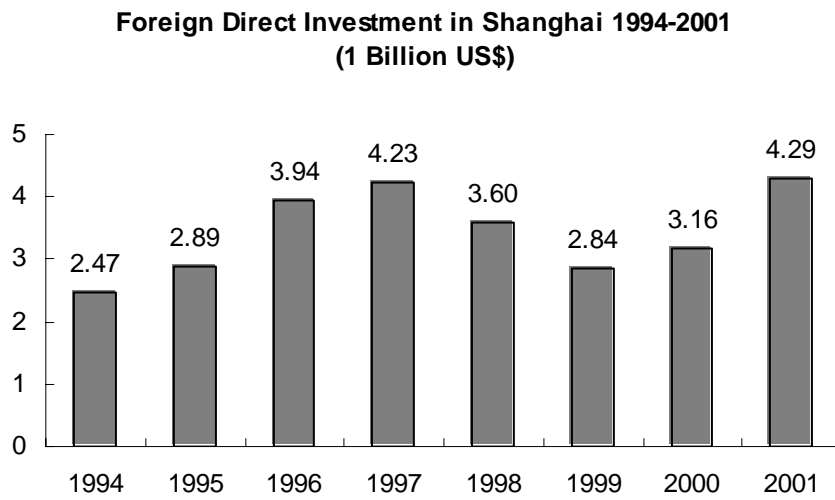
Source: China Statistical Yearbook. *Zhongguo Tongji Nianjian*. 1995-2001.

Figure 2 Annual Per Capita Incomes 1995-2001



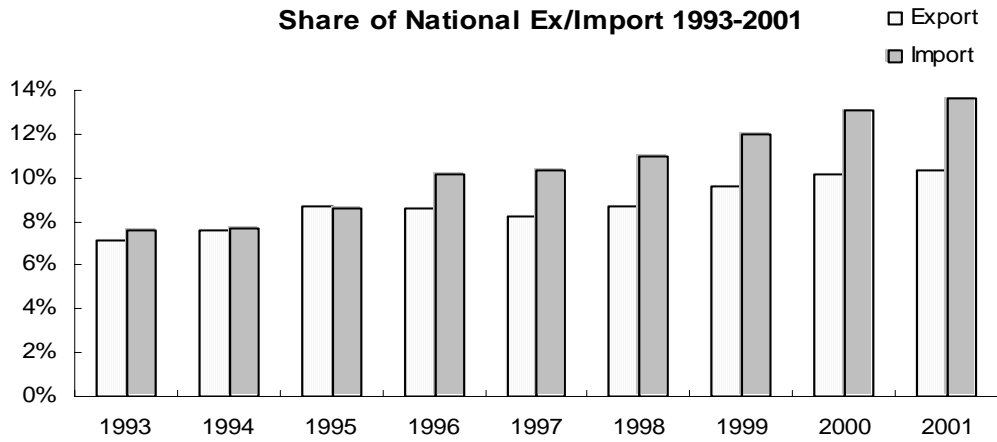
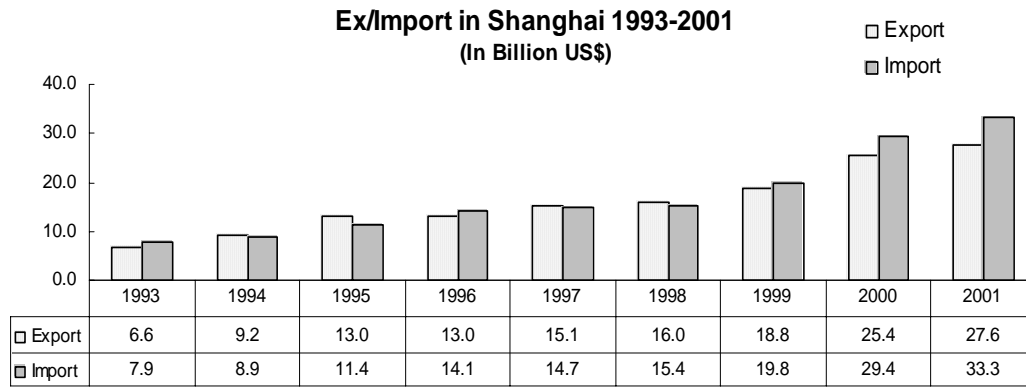
*Based on Consumer Price Index normalized for 2000 current Yuan=1.00 Constant Yuan
Source: China Statistical Yearbook. *Zhongguo Tongji Nianjian*. 1995-2001.

Figure 3 Shanghai's Absorption of Foreign Direct Investment 1994-2001



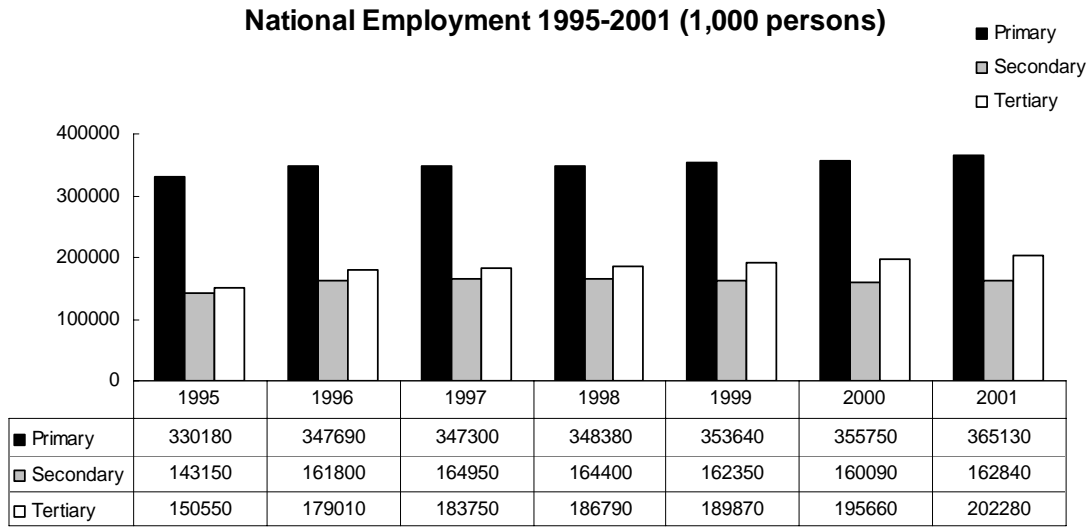
Source: China Statistical Yearbook. *Zhongguo Tongji Nianjian*. 1995-2001.

Figure 4 Ex/Import in Shanghai from 1993 to 2001



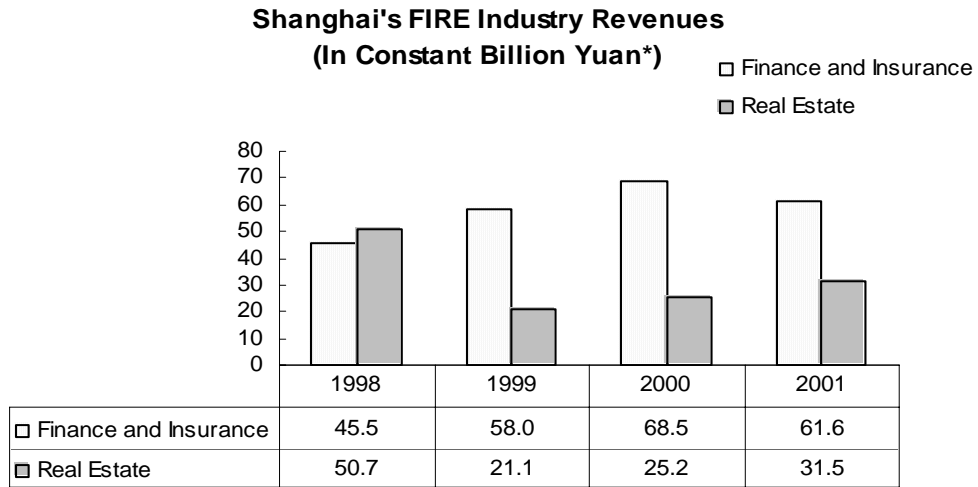
Source: China Statistical Yearbook. *Zhongguo Tongji Nianjian*. 1995-2001.

Figure 5 Employment Data 1995-2001



Source: China Statistical Yearbook. *Zhongguo Tongji Nianjian*. 1995-2001.

Figure 6 Revenue of FIRE Industries in Shanghai 1998-2001



*Based on Consumer Price Index normalized for 2000 current Yuan=1.00 Constant Yuan
 Source: China Statistical Yearbook. *Zhongguo Tongji Nianjian*. 1998-2001.