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Open Economics, Urban Dynamics,
and Government in East Asia**

Thomas P. Rohlen

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Asia/Pacific Research Center
Encina Hall, Room E301
Stanford University
Stanford, CA 94306-6055

<http://APARC.stanford.edu>

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Introduction

This essay is about the pivotal role cities play in the current pattern of social, cultural, and political change in East Asia. Its starting premise is that the postwar era of nation state building and state-led change is ending and a different era—one that centers on global capitalism and new technological capacities—has been steadily emerging in the region over the last several decades. At the vortex of these new forces we find big, successful cities.¹ In such cities, the forces of capitalism, cultural cosmopolitanism, and new technologies combine critically in a turbulent and heady new mix. As a result, while the effectiveness of state initiatives decreases, and government is under pressure to reform, privatize, and decentralize, the dynamic (and typically coastal) cities of East Asia are the center of powerful economic and cultural forces for change, and the source of alternative political agendas. Simultaneously, due to their rapid expansion, these cities have also become the locus of giant new problems for public management.

We are observing, in other words, a very broad and complex transformation. Previously, in the postcolonial period, the state played the primary role in initiating action according to a predictable national agenda, whether socialist, nationalist, capitalist/developmental, or some combination thereof. Now, we have entered an era in which the state is increasingly forced to react to new, often external, forces. That these forces center in the region's most successful cities is noteworthy. It is in the successful cities where global market opportunities are most powerful and most fickle; where social change is most rapid and uncertain; where new cultural currents swirl; and where local reactions to them are most intense. Likewise, it

is East Asia's urban populations who have experienced the brunt of the recent financial crisis. Whether they be Jakarta's minority Chinese entrepreneurs, Bangkok's middle class, or Shanghai's state enterprise workers, it has become amply clear that all of their fortunes rise and fall as the global system fluctuates. Continuing urban growth is generating concentrated levels of pollution, congestion, and social need that challenge government as never before. Put simply, the state now seems increasingly tired and old, while the successful cities appear young and vibrant.

Beyond these dichotomies, however, it is important to note the emerging pattern of interaction and interdependence between the great cities and the state. The locus of initiatives for change may have shifted, and inherent antagonisms certainly exist between cosmopolitan city and nation state. However, neither is going away and each needs the other. City and state remain inextricably bound, but in new ways that are defining their joint future.

Contrasts between city and state are common to our understanding of the dynamics of the European political economy of the fourteenth and fifteenth centuries. And yet, in recent social science, the city has been given a subordinate and diminished role. Subsumed by the state, European cities have been relegated to an aesthetic and technical dustbin. In the case of East Asia, the historical background may be different, but the net result is the same. In the nineteenth and early twentieth centuries, key global forces—such as colonialism and Western-style capitalism—heightened the importance of treaty ports and colonial capitals.² Then, in the post-World War II/postcolonial era, the prominence of cities declined precipitously as nation-building and state development schemes became central. This essay argues that the region's great cities—which play a dynamic role in their own right—must be reintegrated into our general analytic framework. The evidence supporting this conclusion is not restricted to any one country; it is regionwide and pervasive.

This comparison of city and state builds upon a definitional framework, which in turn contains component contrasts. Herein lie the sources of city-state tensions: international market forces versus state control; cultural cosmopolitanism versus postcolonial nationalism; urban versus agricultural societal forms; and maritime/coastal versus interior/continental geographies. All are salient dimensions of the complex set of changes defining this new era. Individually, these contrasts help to pinpoint the difficulties that are arising as leadership shifts from the state to the city. Together, they capture the most problematic and unstable elements of the current situation in East Asia.

This essay joins a growing literature that relates the effects of global trade and investment growth to questions of state sovereignty.³ While claims for the demise of the state are patently overblown, the assertion that global capitalist forces pose serious challenges to state agendas and control, across a range of matters, appears sound. Nowhere in the last quarter-century have these global forces expanded more rapidly than in East Asia. Further, when examined closely, these trends clearly have a far greater impact in the large, successful cities. On the one hand, these cities embody dynamic realities which challenge central governing mechanisms. On the other, they serve as models of prosperity and innovation for lesser cities and interior regions. The forces for change centering in large urban areas also include new and conflicting identities and political loyalties, and a heightened sense of cultural turmoil.

Cities are at the heart of a new regional geography. East Asia is composed of nation states. We know this from maps, from statistical compilations, from representation at international meetings, from the way news is packaged and, as a rule, from how academic research is structured. To argue that this fundamental categorization of the world is wrong would be to deny most political and institutional realities. And yet, the rising centrality of an

urban-based, regionwide system of capitalism is often overlooked. No one can dispute that foreign direct investment and externally oriented trade growth have centered on and been organized among the leading cities of East Asia. A set of conspicuously metropolitan regions—Tokyo, Hong Kong (Pearl River Delta), Bangkok, Seoul, Shanghai, Beijing/Tianjin, Singapore, Manila, Jakarta, Osaka, and Taipei⁴—form the heart of East Asia’s new economic life. There we find the major air and sea transport hubs. Export-led industrial development is brokered in their downtown offices. Regional investment flows to shopping malls, industrial estates, hotel and resort developments, and residential development are planned and directed here. The cities are also pivotal to regional information flows, to cultural exchange, to the shaping of Asian fashion and taste, to the entire range of media production, and to consumerism in its many manifestations. Innovation in all of these realms is almost entirely an urban phenomenon and one that, increasingly, is influenced as much by international as by domestic forces. More and more, the cities are linked together in what amounts to a dramatic new paradigm for the region. To appreciate what this new regional system represents, one has merely to recall how, as recently as the 1970s, most East Asian nations were isolated from one another by the Cold War, by ideology, and by an exclusive focus on powers and markets outside the region.

There is another geographic component to this pattern. In East Asia, distances across water and through the air have become much less formidable, whereas distances over large continental stretches of land have remained largely constant. The costs of ocean transport are estimated to have shrunk eight-fold in the last thirty years, due to larger ships, containerization of cargoes, and intense competition among nationally subsidized shippers.⁵ The rapid movement of cargo by air also represents a major shift for many manufacturing systems. Such changes have made possible new international divisions of labor, linking multiple East Asian locations and markets. By comparison, overland forms of transport are proving far more expensive to build and less flexible to utilize in terms of routing possibilities. Road and rail developments thus lag air and maritime ones in the region. For most nations, overland systems remain central to the national economy’s overall coherence, but coastal cities with port facilities and international airports have come to dominate national economic growth.⁶ Advances in international transport have effectively put Tokyo and Jakarta next door by the standards of only a few decades ago. Measured in the more contemporary standard of time zones, East Asia is no larger than Europe. To be sure, interior regions such as Thailand’s Northeast or China’s interior remain relatively isolated and economically backward. What is termed “unbalanced growth” is common. Nevertheless, while the financial crisis may have boosted agricultural and natural resource exports temporarily, and destroyed much urban wealth, the cities still enjoy economic growth rates twice that of the hinterlands.

Foreign direct investment (FDI) clearly indicates this pattern of concentrated growth in coastal urban areas. In China 90 percent of FDI has been located in the coastal one-fifth of the country, and primarily in and around the major cities of that section. In Thailand, the environs of Bangkok have received 80 percent of all investment flows. Jakarta and Manila garner most of the international investment entering those two countries.⁷ Singapore and Hong Kong continue to receive and recycle large amounts of FDI, just as Tokyo, Hong Kong, Taipei, and Seoul have become net exporters of capital to the region. The frictions of space and the constraints of time have similarly declined on the international flows of ideas and people.

The region's major cities constitute its most important consumer markets, those that appear to converge trends in consumption patterns, lifestyle inclinations, and media developments. What the East Asian middle class eats, wears, listens to, watches, and dreams about seems more similar and interrelated now than at any time in history. Whether one considers popular taste in Beijing or Bangkok, the level of buoyant materialism following international fashions and their local incarnations is astounding. Marketing and advertising networks, which encompass much of urban East Asia, are advancing apace. The early stages of a region-wide hybridization of popular culture can be observed. Of course, all of this interchange actually leads to growing overall diversity which combines flourishing local markets for culturally hybrid creations with a new longing for traditionalist products and experiences. Such bubbling consumerism reflects the progress of networked regionalism, which in turn rests on global capitalism.⁸

For these and other reasons, the largest coastal cities are unquestionably the locus of most cutting-edge cultural and intellectual change.⁹ The media congregate here, and highly educated audiences reside here. The returns on creativity and innovation are, by definition, higher in cities. Open economics inherently means increased heterodoxy. Foreign influences of all kinds increase and inspire local reactions, giving birth to a growing mix of claims on loyalties and identities. That *any* cultural change of any kind and direction finds its most fertile soil in cities must be set against the fact that many state regimes—especially Socialist ones—in East Asia's recent past have been hostile to cosmopolitan urbanism.¹⁰ Anti-foreign, anti-Western and anti-capitalist agendas were all prominent postcolonial impulses (witness, in particular, Maoist China and Pol Pot's Cambodia). If educated, urban populations have posed special problems for state-led social revolutions, it is equally true that cosmopolitan cities do not arise in closed economic systems. One need only consider Pyongyang—or, to a lesser extent, Yangoon or Hanoi—to grasp this fact. True, the so-called “administrative city,” home to central governments, does relatively well under most state-dominated circumstances due to tax transfers and symbolic priorities—“the majesty of the state.” However, only effective participation in international commerce leads to a truly cosmopolitan city. Openness, competition, adaptability, creativity, innovation, and entrepreneurship—the ingredients of success for open cities and their residents—are qualities antithetical to extremes of state regulation and repression.

As cities respond to expansive geographical opportunities, the appeal of state-led efforts to order and direct cultural and social life and economic activity begins to shrink. A telling example is the special development zones—the most famous being Shenzhen in southern China—initiated by central governments. Governmental attempts to constrain cultural change in such places have proven largely ineffective. Indeed, few could argue with the assertion that open economic policies have begun to unlock the generative cultural potential of East Asian cities, providing new resources, new audiences, and increased exposure to foreign influences.

Coastal cities were commonly characterized as “gateways” to national economies. In the nineteenth century, when natural resources and other commodities were at the heart of international commerce, port cities—Hong Kong, Shanghai, and others—played this role.¹¹ The “gateway” also provides a comfortable metaphor if one wishes cities to fit a state-based framework that emphasizes equity and balance across a national landscape. But given the urban dynamics of contemporary Asia, likening coastal cities to “gateways” is inadequate and misleading. The metaphor fails to focus on the cities themselves as distinct environments conducive to entrepreneurial and innovative activity. It ignores the expanding networks of

intra-regional relationships that link cities to one another, across national borders. It misses the intense competition among them for international capital and technology—capital that is critical to the nation states themselves. And, it does not acknowledge the expansiveness of cities in space as they grow across borders, domestic and international. Cities are themselves vital engines of growth, as important to shaping the ultimate power structure in the region as military strength or industrial policies. This is especially true in an era when information and innovation contribute so significantly to economic expansion. The image of a gateway implies that what lies beyond the gate is most important, but today the cities themselves are central.

We can roughly approximate that about a dozen metropolitan regions in East Asia—representing a fraction of one percent of the region’s land area and less than 7 percent of its total population—collectively account for about 80 to 90 percent of the region’s international activities. Such activities include finance, transportation, trade-oriented manufacturing, foreign investment, and information flow.¹² The intensity of international dealings in these key cities is hundreds of times higher per capita than in the interior countryside. Concentrations of money, skills, knowledge, and information related to international dealings are similarly high.¹³

One way to visualize the importance of coastal cities is to imagine a map of East Asia on which levels of international activities are plotted topographically. Such activities would include:

- 1) the movement of sea and air cargo;¹⁴
- 2) telephone, fax, and Internet activity;¹⁵
- 3) international air passenger flows;¹⁶
- 4) investment flows;¹⁷
- 5) foreign residents (e.g., correspondents, scientific exchanges, business expatriates, visiting students, etc.);¹⁸
- 6) infrastructure supportive of all of these activities (e.g., fiber optic cables, container yards, hotels, universities, airports, stock markets).¹⁹

Although no such map exists, it would reveal East Asia to be thoroughly dominated by its leading coastal cities. Topographically, the dozen key metropolitan areas would stand out as mountains towering above the regional landscape, while interior areas would appear as lowlands, signifying relatively little international penetration. This “transactional” topography, interestingly, would prove to be almost the perfect inverse of the region’s actual physical character.²⁰

Such a picture differs greatly from the conventional state-based image of sovereign borders and national populations. It highlights, for example, Hong Kong’s importance to China’s international economic dealings.²¹ That city, whose population amounts to one-half of one percent of China’s, represents about one-third of China’s total international economic activity.²² The same pattern holds for Bangkok,²³ Manila, Taipei, and Jakarta. Seoul’s extraordinary predominance in Korea’s international dealings is similarly well documented. The Seoul metropolitan area also accounts for nearly three-quarters of Korea’s total international phone traffic.

A note of caution is called for at this point. This essay emphasizes the common dynamic role played by the leading metropolitan centers of the region. In many particulars, however, these cities are hardly alike. With the instructive exceptions of Singapore and Hong Kong, all comprise integral elements of much larger national systems. Most, in fact, are the capitals of

their respective countries. These cities also differ significantly from one another in their current rates of population growth and their levels of gross regional product (GRP). A relatively poor city like Manila, with a high population growth rate, has great difficulty simply coping with rudimentary urban problems like sanitation and housing. A rich city with slow demographic growth, like Singapore, has the resources to upgrade public amenities and services almost at will. The governmental challenges differ accordingly. Most cities, but not all, have colonial pasts. Some are ethnically diverse and some are not.

It is also important to distinguish between the general phenomenon of urbanization and the particular set of issues that relate to the leading cities of the region. The ongoing population shift to urban areas throughout much of East Asia involves not only the largest and most prominent cities, but also hundreds of secondary and tertiary cities where the rates of change are especially high. According to the latest United Nations figures, there will be an *additional* five hundred million urban dwellers in East Asia between 2000 and 2025. For comparative purposes, this increase represents more people than currently inhabit all of North America. China alone is expected to account for 330 million of that increase. If Beijing follows its current inclination to stimulate a higher rate of urbanization as a means to encourage economic growth (i.e., improving labor productivity by reducing the farming population), the estimate should be more like 400 million. In either case, East Asia in twenty-five years will have at least 1.3 billion urban dwellers. Accommodating the new arrivals has already stretched cities large and small, and the trend indicates more of the same. The most dynamic and central cities, the subject of this essay, are not the most rapidly growing. Many have satellite cities that are growing faster.

The importance of the largest and most pivotal cities does not reside in how rapidly, in demographic terms, they are growing. Rather, the issue is how quickly they are changing as a result of global forces. Smaller cities and those in the interior are typically growing faster in purely demographic terms. Even so, they benefit less from international investment and technology flows, have limited export potential, are burdened with aging industries (or are dependent on natural resource extraction), and are located in poor interior regions. Consequently, they face greater problems, with fewer resources, to cope with the influx of people than, say, cities like Bangkok or Shanghai. If the large coastal cities are moving toward greater integration with—and dependence on—global forces and are thus cautiously seeking greater independence from state control, the interior cities, while harboring international aspirations, find themselves desperately in need of greater central government assistance.

The situation, as outlined in this introduction, points to a set of fundamental tensions and new dependencies. These are arising between the successful, cosmopolitan cities where global capitalism has made its greatest inroads, and the postcolonial and developmental state systems that linger from the preceding era. The latter half of this essay will address these tensions and dependencies. They include:

- 1) the changing salience of sovereignty;
- 2) the gradual obsolescence of older forms of political control;
- 3) rising income and regional disparities;
- 4) the burdens of urban infrastructure needs;
- 5) the increasing centrality of national urban policy;
- 6) a weakened nationalist agenda;
- 7) political anxieties about the pace and nature of cultural change;
- 8) a shift in the place of the military.

Before considering each of these issues, a brief historical review will set the stage for the comparisons involved.

Historical Background

Until well into the nineteenth century, East Asia was largely a heterogeneous collection of agricultural societies separated primarily by water and mountain ranges. Land and its productivity were of paramount importance. Territorial configurations and constituent ethnic groups shifted in time as more powerful systems expanded at the expense of less powerful ones. Although one can speak of Chinese and Indian spheres of influence, and also of Buddhist, Hindu, Confucian, Islamic, and even Christian spheres, a more accurate portrait would have to dwell on the historically eclectic and changing nature of boundaries, groups, administrative regimes, and symbolic systems.

What was most common was the profound centrality of agriculture to patterns of social life and to systems of governance. This meant that extending and protecting frontiers, controlling farming populations, building tax systems, enhancing agricultural productivity, and managing markets were the government's paramount concerns. This circumstance made for inward-looking and conservative regimes. Most capital cities tended to be located in the middle of agricultural plains and away from coastal areas.²⁴ "Continental" in orientation, the traditional agricultural states of the region, while valuing the benefits of trade, attempted, as a rule, to protect themselves from foreign influences, from the disruptions of international commerce, and from threatening populations living on the geographical margins. Exceptions can easily be cited to this sweeping generalization, but it nonetheless provides a useful context within which to understand the region's current urban dynamics.

Beyond agriculture, another historical East Asia existed—one of trading ports, maritime linkages, and international commerce.²⁵ Located on the coastal periphery, this world was inherently cosmopolitan and its cities ethnically heterogeneous. Resting on ocean-born trade, this regional—and ultimately global—system linked locations as distant as Amsterdam and Nagasaki. While its historical origins cannot be accurately estimated, East Asian trade clearly predates the arrival of Westerners. The manufacture of commodities for this trade also has a long history and was highly developed when the Europeans arrived in the seventeenth century. Over time, numerous peoples and locations connected to and profited by this system; even agricultural states participated, and occasionally sought to influence it.

Ultimately, through force, Westerners came to dominate East Asian trade. Being inherently flexible, the maritime trading system initially accommodated the Westerners, and eventually accommodated to them. It was a fluid world in which cultural influences, people, and goods of diverse origin mingled and recombined. The fortunes of one or another port city or political authority were subject to sudden change, but such changes did not disrupt the overall conduct of trade for long. The resulting social and cultural mix displayed a particular kind of heterogeneous urbanity. The authorities, out of necessity, encouraged tolerance of religious and ethnic differences. In the matter of language, the trading ports tended to be polyglot with a mix of local languages, pidgins, and *lingua franca*. They housed distinct trading communities that were allowed considerable autonomy. They were alike, too, in the way consumer products, fashions, foods, and ideas from many cultural sources blended together. Maritime East Asia, in other words, was a commercial system of net-

worked cities. Because wealth rested on orderly exchange, the crucial functions of local government centered on regulating and protecting the rules of an open market, the complex social order, and the culturally heterogeneous nature of the parties involved. Around the arc of coastal East Asia, cities of a roughly similar disposition developed wherever trade flourished.

This arrangement on the maritime margins contained the possibility for rich economic symbiosis with the dominant agricultural world, but the center found it difficult to exercise control over the margins. Smuggling and piracy were rampant, for example, and local officials were often complicit. Firm control and management of coastal areas was difficult and expensive. Further, central authorities generally viewed the cultural heterogeneity of trading ports as destabilizing and threatening to morality and order. In various combinations, these problems vexed continental regimes. Their periodic response was to attempt to isolate themselves from the irritations and threats of the maritime trading system. Under official proscription, for example, Chinese participation in foreign trade ebbed during the later Ming and early Ching Dynasties. Japan, following a period of active maritime exploration and trade, officially closed all but one of its ports to foreign commerce in 1635, and remained largely isolated for two and a half centuries.²⁶ The premodern history of Korea (the “hermit” kingdom) provides further evidence of this tendency to self-quarantine. In the history of Southeast Asia, the same concerns and inclinations can also be found, if less prominently, among the continental regimes. Today, this pattern persists in the increasingly remarkable cases of Burma and North Korea. At the same time, the commercially astute Chinese minorities now residing throughout the cities of coastal Southeast Asia as an important legacy of the same maritime system. Their current prosperity and centrality to the area’s economic vitality illustrates, quintessentially, the resurgence of international trading relations.

In the nineteenth century, as European colonialism came to dominate more of the maritime margins, the salience of these geographical and cultural tensions only increased. The “continental” idea behind the Chinese and Japanese designations of treaty ports was that of cultural prophylaxis—hoping to contain foreign influences in the selected secondary port cities that were officially open to outsiders. To a degree, this approach succeeded. Colonial trade brought prosperity to the treaty ports and intensified their cosmopolitan character, but these influences did not extend appreciably to the interior.

Under foreign domination, certain cities, as distant from one another as Kobe and Batavia, came to have much in common. These were marked by their foreign enclaves (British, Chinese, Indian, French, Dutch, Jewish, and so forth); extraterritorial legal protections; similar infrastructures (including many European institutions like clubs, hospitals, and schools); cadres of native clerks and Europeanized local entrepreneurs; and lively underworlds built on the particular extralegal opportunities such cities provided. This treaty port heritage has proven resilient for many of the cities that are the subject of this essay. Shanghai, for example, after decades of socialist isolation from the international system, has returned to prominence, its cosmopolitan heritage and commercial experience turned once more into assets in the global game.

The initial post-World War II period in East Asia was marked by successful anticolonial movements and the formation of nation states devoted to intense nationalist agendas. The leaders of these forces were largely city-bred intellectuals, often with some foreign education. Yet despite such backgrounds and their great dependence on European ideas, many of these leaders—especially those belonging to revolutionary socialist movements—turned away

from European domination and against the commercialism, cultural heterogeneity, and materialism of the outward-oriented cities. Under Mao, for example, Shanghai and other commercial cities were allowed to stagnate, while re-education programs glorified the virtues of peasant living, and condemned the bourgeois tendencies of urbanites. This period also brought the military to the forefront of state-building. The coastal city and the nationalist military appear to have maintained an inverse relationship throughout much of this century. The inherent contradictions between the two have been reflected in the general tendency of their fortunes to run counter to each other.

The centralization of authority in the newly created states had an important impact on approaches to economic development that emphasized state planning, agriculture, and heavy industry. Outside the socialist countries in which command and control economies were instituted, Japan, Korea, Taiwan, Indonesia, Singapore, the Philippines, Malaysia, and to a lesser extent, Thailand, fit this description. State-led industrial policies, while not inherently anti-urban, were hardly liberal in inclination or inclined toward open economics.²⁷ In China and other socialist countries, the period up to 1980 represented a reversal of fortunes for the cosmopolitan cities. They were demoted or constrained while state control was reasserted. But elsewhere, Tokyo and Osaka, Seoul, Hong Kong, Singapore, Manila, and Bangkok arose as vital centers.

Viewed in historical terms, the ascendant nation states of the postwar era appear to have inherited much from the continental kingdoms of East Asia's past. For example, the socialist states largely closed their doors to international trade. Korea and Taiwan, while interested in building export-oriented economies, remained essentially military dictatorships even as they embraced central government initiatives key to economic growth. The Japanese government, too, built an economy that restricted foreign investment and imports. In other words, during the thirty years following the end of World War II, the developmental state, successor to the continental tradition, was central to change of all kinds over most of the region.

Neither Hong Kong nor Singapore really began to prosper until the late 1960s. Both, however, were consistently outward-oriented, commercial, culturally heterogeneous, and focused intently on succeeding on the stage of international capitalism. Surrounded by hostile neighbors and overrun with refugee problems, they had no choice but to make the best of their locations, ports, cheap labor, entrepreneurial talents, and trade-oriented institutional frameworks. Both threw their economies wide open to foreign investment. It is interesting that these two cities now epitomize the new urban era in the region.²⁸ They are cited as models throughout China, and everywhere cities are keen to emulate their formulas for creating viable, attractive foundations for international business.

By 1980, a new set of conditions was reshaping the region. Land wars had essentially ended. Mao was gone. The horrendous excesses of Pol Pot and the stark contrasts in economic performance between South and North Korea exemplified the failures of extreme socialism. Whether belatedly or with alacrity, state-centered postures began to give way in the 1980s to a shift—one might even say stampede—toward actively encouraging export-led growth and gradual economic liberalization. Capital flows into and within the region greatly increased. The appreciation of the yen and rising wage rates in Japan were particularly significant in sending Japanese capital abroad, yet investments into the region also increased from Taiwan, Hong Kong and Singapore. This shift was accompanied by a wide range of new preoccupations: trade zones, industrial estates, port infrastructure, international airports, English-language skills, advanced communications technology, protection for com-

mercial and property rights, the liberalization of financial markets, and other ingredients of an open economic posture.

Seen in this light, the pendulum had swung once more between the two geographical realms of East Asia. The coastal trading cities had turned dynamic again. Located advantageously, already networked commercially, and far better prepared to compete internationally, their collective response to the new opportunities was unexpectedly swift. The rising tide of cosmopolitan and capitalist momentum forming in these cities began to rewrite the agenda of national concerns. Central policymakers, having let Pandora out of the box, found themselves facing an array of new problems and choices. Governmental and policy initiatives refocused on forces centered in the cities.

While the 1997 Asian financial crisis certainly dampened the momentum and gave many great pause, the fundamental situation did not change. A uniformly optimistic picture of open economics as the road ahead was replaced by a more complex and anxiety-ridden sense of what dependence on global forces could mean. It was recognized that there would be winners and losers within urban populations; that personal savings risked being lost to speculative bubbles; that cronyism was rampant; and that international financial institutions proved unsympathetic lenders when domestic policies failed. As cultural conservatives and elements of the left discovered shared anti-globalization sentiments, the basis for a new populism was laid. Political reform movements in general found much to be unhappy about in the practices of politicians, corporations, and economic managers. No one suggested turning back the clock to pre-1980 arrangements, nor were clear alternatives to continued global participation taken seriously. The new hope was that the revealed flaws and contradictory realities related to global capitalist participation could somehow be moderated. These new tensions and political voices appeared in cities across the region in the wake of the financial crisis.

Cities and States Briefly Contrasted

In analytic terms, cities and states are neither perfect equivalents nor natural substitutes for one another. Today they are typically interdependent, though the state has overriding importance. We categorize cities as belonging to a nation state, as subdivisions nestled within its boundaries. But cities and states actually differ in interesting and important ways that are not accommodated by such conventions. These differences are crucial to this analysis.

It is conventional to note that cities have arisen for a variety of reasons—as seats of government, as transport hubs, as market towns, and so forth. Whatever their origin, however, it is their place in larger economic activities that distinguishes cities.²⁹ Their comprehensive economic capability is fundamental to their origins, survival, and growth. Whereas states are spaces framed by borders, cities depend on flows of money, goods, ideas, and people, thereby making borders and other constraints problematic. Cities seek economic expansion by developing resource-generating relationships unhindered by geography. In a world of resource flows, a city's fortunes rise along with its increasing autonomy from political restraints.

State sovereignty, on the other hand, hinges on autonomy of action within fixed boundaries. If the city is metaphorically a network, the nation state is a container. The state

operates essentially by legal regulation backed by force; the city rests largely on private transactions. Furthermore, because cities exist primarily as connection points in transactional space, they are inherently oriented to a widening sphere. A city's power and wealth is best measured by its geographical reach. Tellingly, cities cannot be self-sufficient or isolationist, but states can (e.g., Burma and North Korea).

In spatial terms, cities are characterized by a creative tension between the concentration of some things (such as money, people, information, infrastructure, pollution, etc.) and the dispersion of others (suburbs, industrial estates, and small factories escaping costs and regulation). States, by contrast, aim at increasing the cultural homogeneity and equal distribution of public goods over a territory that should ideally be consistent. Both are about spatial distribution, but one focuses on efficiency and the other on equity and political balance.

Cities are conventionally compared to rural areas. They are thus characterized by the particular advantages or efficiencies that arise from their economies of scale, from their greater specialization levels or division of labor, from the cluster advantages accruing to specific industries, and from the transaction cost savings that result from greater proximity. Because of their size and density, cities enable economies of scale by providing a range of services, from electricity to banking to transportation. Compared to rural areas, the per capita costs of all kinds of investments for the public good are relatively low and the returns on many kinds of private sector investments are relatively high. Cities also are seen to generate value as environments for transactional efficiencies and "spillover" effects of all kinds. Common sense and much empirical work lead to the conclusion that information flows, deal-making, and so forth are enhanced when the parties are "next-door." The rate of innovation within particular industries is also likely to be enhanced when the circulation of management and skilled labor is locally active.³⁰ For all these reasons, many contemporary cities have earned the label "engines of growth."³¹ In short, cities possess economic advantages that cannot be extended to entire nations.

Historians have long treated cities as "crucibles" of civilization.³² They have shown how cities arose as centers of exchange, growing as markets, money, and credit—all three important urban inventions—increased. Cities, furthermore, were centers of advancing specialization in exchange transactions, in the manufacture of high value-added goods for markets near and distant, and in the agglomeration of necessary inputs to these activities. Not only did cities handle the movement and exchange of goods, they also did so for information and knowledge. Literacy and education have been central to city life, as have foreign influences. The flow of ideas typical of most cosmopolitan cities has always provided a major stimulus to innovation and cultural creativity. Foreigner residents and the comings and goings of business travelers have key roles in the generative life of every civilization.

When we turn to the political relationship of cities to states, a significant historical difference emerges between Europe and East Asia. While we find numerous examples of autonomous city-states in medieval and Renaissance Europe, the great cities of East Asia were rarely independent political entities, with the possible exception of the Malaccan sultanates. It is often noted that the self-governing institutions of Europe's city-states provided some of the early forms of democratic governance and local independence. In this regard, the relationship of city to state in European history is instructive. The historian Charles Tilly, in particular, has discussed the interplay of military power (coercion) and economic power (capital) in the shifting fortunes of Europe's cities and states.³³ States and cities operated in the same politico-economic space for much of European history. However,

with the rising costs of military power and the increasing insecurity of the smaller city-state players, the city and the nation state in Western Europe evolved into what could be labeled a complementary relationship—states needed urban wealth to build coercive power, and cities needed protection.

Tilly has shown, analytically, that the state developed differently in Western and Eastern Europe, relative to the cities. In Western Europe, after subjugating and absorbing the great cities, the state continued to depend on their commercial strengths and to heed the voices of their urban leaders. The states of Eastern Europe, centered as they were on a landed aristocracy less oriented to commerce, made no such accommodation to urban needs and realities. It is Tilly's thesis that, in general, Eastern Europe consequently evolved in a more authoritarian fashion, while Western Europe took a more liberal path, inclusive of urban perspectives and ultimately more amenable to the rise of democratic institutions. Allowing cities economic latitude, accommodating their commercial needs, nurturing their cosmopolitan qualities, and giving urban voices a greater place in the political process was therefore associated in Western Europe with a distinctly capitalist sort of economic development and more liberal governmental institutions. It is self-evident that this point greatly pertains to the future development of the state in East Asia.

In the last two centuries, states have steadily increased their regulatory, protective, and redistributive functions from a primitive base of coercive force, resource extraction, and crude administration.³⁴ Further, the state has extended its claims to represent a particular national identity and the interests of a particular people, advancing the ideal of the integrated, homogeneous state. Claiming "one people" and even "one culture" has led states to focus on an extensive enterprise of political manipulation within spatial domains that encompass great diversity. This manipulation has centered, of course, on programs of public education, national identity formation, policing of behavior, welfare programs, and the like. As absolute uniformity and central control have faded in appeal, federalist policies of local accommodation have offered compromises without greatly changing the fundamental thrust of the state's agenda. Almost by definition, for example, the modern nation state is obliged to be dissatisfied with situations of significant geographic inequalities of income, education, and public services. It is similarly uncomfortable with differences of language, religion, and basic political philosophy, if these coincide with geographic subregions. In its need for spatial homogeneity (or its search for relief from internal spatial tensions), the state is inherently inward-looking.

A city operating in a system of "open" economics, by contrast, is inclined to be outward-looking, inherently heterogeneous, and fundamentally stratified. Its transactional dynamics are expressed concentrically and hierarchically, as represented, for example, by highly differentiated real estate prices and access to other private "goods." A city's innovative vitality is reflected in an expanding division of labor and social differentiation. Being formed by market actions, cities inherently generate differences and inequalities.

States and cosmopolitan cities are also points of origination for different kinds of public, popular, and private cultures. Urban culture tends to be shifting and pluralistic, a product of many intersecting currents, including much that is foreign. Fashions animate the surface and new currents of thought and technology are ubiquitous. Change can seem to be the only constant. This dynamic comes in part from concentrated wealth, knowledge, and communications. The typical urban cultural environment lacks a center, and simultaneously sustains conservative and radical forces. If some elements are continually testing the boundaries of convention, morality, and taste, others are renewing and confirming them. The experi-

mental, iconoclastic side of urban life is a chronic target of political complaints about prosperity, materialism, and decadence.³⁵ Unlike its urban counterpart, East Asian state-sponsored culture inherently centers on a nation-building agenda that includes the “reinvention” of tradition; the formulation of a common identity; and efforts to counter the perceived threat of moral degeneration associated with capitalism and foreign influence. Anticolonialism and popular mobilization, two early elements of the postwar state agenda, still persist, but less insistently than before. The goal of “preserving” a national identity, one that sustains a state moral agenda and reinforces authority, also remains very much part of the current picture.

What distinguishes East Asia is not the inherent contradictions between state and city, but instead, the rapid rate of change brought about by open economics and the relatively short history of the nation state in the region. These factors greatly increase the scale of accommodation required of government, and put urban/state differences in an especially pivotal place in the region’s dynamic.

It is important to recognize the problems of language and agency when comparing the city with the state. Much commonplace thinking attributes a kind of will or agency to the state. The city seems passive by comparison. The city is conventionally viewed as a place where many activities occur without any particular guiding force. The state seems to possess both intention (policies, laws, and strategies) and power. Although it is recognized that a city government can facilitate economic activity by effectively managing the “externalities” well, this seems insignificant compared to the power we attribute to the state as it makes and executes policies. Its monopoly on military and police power and capacity to collect taxes is indeed impressive. How, then, can cities provide a dynamic source of change and initiative, as argued in this essay, and, yet be so politically low-powered? The answer lies in the contrast between political and economic sources of change and their social and economic consequences.

The state depends primarily on organizational power, whereas cities’ dynamism results from the actions of countless private actors governed largely by market forces. These two sources of social change are distinct. Cities also depend, more than is recognized, on the strength of civil society. The role of city government may be less impressive when compared with national governments, but the civic life of cities is far more noteworthy than the nongovernmental activities of dispersed national populations. Neither city nor state is inherently more powerful than the other. Rather, they represent different dynamic forces that interact in historical time, in combinations ranging from fundamental contradiction to powerful alignment. The potential for complementary reinforcement is great, but neither guaranteed nor easily achieved given the foregoing differences.

If the Renaissance form of city/state symbiosis rested on an exchange of wealth for protection, it shifted in time to questions of taxing authority and revenue transfer. In fiscal terms, contemporary cities and states in East Asia appear to need one another. Logically, central governments seeking to sustain strong economies want well managed, efficient cities capable of job generation. Cities, facing massive population transfers, want state resources to help them cope. But two other powerful realities complicate this picture: 1) states face other priorities of a continental, redistributive kind, and 2) cities prefer to keep the resources they generate, rather than see them redistributed to other geographical areas. As Singapore and Hong Kong illustrate, city-states can prosper immensely, free of the burdens of state administration and extensive territory.

External Competition and Cities

In an open economic system, cities belonging to different nations compete with one another in many private markets. Most tellingly, they compete for foreign investment.³⁶ International decision-makers skillfully exploit differing factor endowments between locations and manage risk by carefully evaluating of the basic governmental and social contexts involved. This means they look closely at cities and regions. Their decisions determine the allocation of investments, management skills, and technology, and greatly affect job creation. Employment growth in manufacturing or corporate offices, furthermore, is multiplied at the local level by a factor of roughly four as it stimulates the creation of related job growth. Cities seeking prosperity seek foreign investment.

Except for Hong Kong and Singapore, development strategies concocted by cities themselves are relatively new in the region.³⁷ Whether the focus be high tech, tourism, or labor-intensive industry, the goal of finding foreign investors is now common to city governments across the region. Consequently, it is increasingly understood that international investors “vote with their feet.” As the competitive context becomes global, pressures intensify for cities to adapt, both to international standards and to the requirements of investors. Cities now monitor one another on their relative attractiveness. International investors encourage this practice, of course, and gladly share their opinions of each city’s advantages and disadvantages. The emerging entrepreneurial city thus follows a path marked by increasing administrative reform and openness, as well as growing autonomy from central government. Even giant Tokyo now pays attention to rivals like Shanghai and Hong Kong.³⁸

Critics of global capitalism see this game as offering tax breaks and little government scrutiny in matters of labor practices and environmental standards. But such deals typically occur on the periphery, in both a geographical and a political sense. The large cities are primarily “selling” such things as public safety, the quality of their infrastructure,³⁹ the efficiency of their business services, the skills of their work forces, the reliability of legal protections for businesses, and the amenities that enhance the living conditions for professionals. For cities like Shanghai, this learning curve has been particularly steep. After 1979, the city’s leaders struggled to grasp the need for major institutional and legal reform if the city was to become a major international financial center. Shanghai’s leaders did not immediately assume that foreign investors would require guarantees of private property, due legal process, freedom from expropriation, the ability to repatriate earnings, transparency of regulations, full access to many kinds of information, and freedom from arbitrary administrative authority. However, such understandings came via early consultations with New York and Hong Kong financiers and international lawyers. Shanghai consequently began pressuring Beijing for such changes as the process of economic opening got under way. Clearly, those cities with a history of outward orientation, like Shanghai, typically experience international capitalist realities more acutely and perceive the need for reform more accurately than do national governments or interior cities. Nor is it surprising that they have stood at the forefront of efforts to liberalize state regulation and control and to adopt international legal norms. Moreover, this opening process has a tendency to snowball. As economic actors gain more latitude and succeed financially, they develop more clout and push for further reforms. A similar snowball effect arises between cities—the success of one through reform spurs competitive responses from the others. The process of competitive economic opening and institutional reform thus builds in momentum and is very difficult to reverse.

The forces that accommodate global capitalism are hardly distributed uniformly over national landscapes. Momentum is significantly localized, and each step of economic liberalization that results in an international response propels a complex process. Many locations adapt slowly and the global system is equally slow to acknowledge new participants. The great cities and their environs enjoy most of the initial advantages and become the models for others. The drivers of such change, furthermore, gradually shift from being primarily international to being centered on local business elite and middle class constituencies. Prosperity and growing global connections enhance their interests in continued change and amplify their voices in local affairs. The same is true of matters affecting urban amenities and quality of life issues. Satisfying the needs of foreign managers may be an initial concern, but over time, local businesses also make themselves heard on the issues of improving schools, parks, and recreational facilities.

Cities unable or unwilling to comply with the expectations and standards of international capitalism are at a significant disadvantage, even when their wages are very competitive.⁴⁰ In the long run, other considerations (such as tax incentives) cannot compensate for a failure to make legal and institutional progress. Improving environmental regulation and labor standards is part of this evolving institutional framework. This is not to say that industries that are labor-intensive and environmentally dirty do not gravitate to locations with little governmental interference and low standards. They do. But such industries are typically closed down or pushed out as metropolitan economies mature and prosper. As a city climbs the value-added ladder, polluters and sweatshops become increasingly problematic. They hurt a city's attractiveness to more desirable international investors, and confound plans for more value-added development agendas. The stated ambitions of cities throughout East Asia have become fairly predictable in this regard—to enhance financial services; to encourage high tech; to build up business services; to encourage tourism; to foster the creative areas of media, entertainment, and fashion; and to become a transport hub. All of these goals imply institutional frameworks that include environmental and labor regulation.

In the pursuit of such ambitions, East Asia's cities now offer or are in the process of assembling their own complex "products." To be even slightly attractive, the package must include legal protections, access to markets, reliable public information, local government cooperation, efficient public services, and freedom for financial transfers. The details of each city's development strategy, particular assets, and marketing campaign are different and evolving. The most aggressive marketer is Singapore, which maintains many overseas offices for the purpose of consulting closely with potential investors. The city has its own industrial estates, coordinates its vocational training programs with investors' needs, puts suppliers in touch with assemblers, and in many other ways crafts a remarkable package. Larger, richer, and more centrally placed, Hong Kong is less aggressive but still highly responsive. It publicizes its British "rule of law" heritage and emphasizes its liberalized markets while agonizing over its very high real estate and labor costs. Seoul, Kuala Lumpur, Taipei, and Bangkok are also actively trying to make themselves more appealing by using Singapore and Hong Kong as benchmarks. The state of play in China, with Shanghai and the Guangzhou area at the forefront, is similarly competitive. By contrast, Jakarta and Manila, not to mention Ho Chi Min and Yangon, are in a different league. Even so, it is not an exaggeration to say that every city finds itself drawn into the game. Global capitalism is shaping the urban agenda; this agenda in turn puts pressure on central governments to move in the same direction. Cities and the economic forces they represent are spearheading the institutional reforms associated with economic opening.

Although the level of educated and trained capacity that a city's work force possesses inevitably determines its economic potential, human resources have only recently been given a central place in urban development thinking. East Asia is noted for high educational attainment, but general measures—such as years of schooling—tell us little about the distribution of the highly skilled and the schools that produce them. They concentrate in cities as a rule, partly because city jobs and good schools attract talent, and partly because urban populations are preoccupied with education as the basis of advancement. National labor markets in East Asia are driven by urban jobs and this puts pressure on state-constructed barriers to internal labor movement.⁴¹ Even more fundamental to the competitiveness of cities in the international system is the quality of instruction and local achievement levels. In this respect, cities throughout the region challenge national standards and frustrate efforts to make the distribution of educational resources more equitable.

Less frequently noted is the fact that East Asian cities must attend to the competitiveness of their “amenities”—the relative quality of parks, hospitals, special schools, restaurants, museums, and theaters. Not only as tourist attractions, but also as conditions for professionals and managers, these elements matter greatly in an economic world increasingly defined by the critical role of so-called knowledge workers. Multinationals and large local firms understand that the quality of such amenities is often crucial to attracting and keeping executive talent. Surveys, for example, indicate that medical care, schools for foreign children, sports, and social facilities like golf courses and foreign clubs are of considerable importance in decisions about where to locate regional and national headquarters, distribution centers, and even plant locations in the region. Recognizing this, some cities have quietly developed programs to target the needs of foreign businesspeople and their families. Civic organizations and public institutions also help to define attractive cities. Cities that are national capitals have generally done well in this regard, as have former colonial cities that were well endowed by prior colonial governments. Shanghai has moved aggressively in this realm, following its decision to try to become the future financial center for East Asia, building an art museum and a spectacular theater. Of course, a focus on such amenities is also a *de facto* focus on elite lifestyles and expectations. As such, it is not without serious political problems. With slums and squatter communities in need of such fundamental services as water and waste removal, and rural areas suffering from poverty, national investment in urban amenities is inherently difficult. The proliferation of privatized, gated communities is another problematic outcome. The challenge that cities now face is the need to develop capacities within civil society to strengthen public cultural institutions with an elite focus, without relying heavily on public funds. Legitimizing public investments in elite amenities in the name of local or national pride can be taken only so far.

Virtually by definition, success as an international business hub requires that entrepreneurial resources be outwardly oriented. Networks and organizations offering the multitude of linkages inherent in business intermediation are important urban assets. And a cosmopolitan outlook on the part of a significant proportion of a city's inhabitants is another key ingredient in its successful orientation to the opportunities of global capitalism. It is not surprising, then, that cities with colonial or treaty port pasts—even those in still putatively socialist countries such as Shanghai⁴² or Ho Chi Min City—have jumped out in front after economic opening. Cities with significant populations of ethnic Chinese who participate in the overseas Chinese business networks that crisscross the region have assumed similar leadership roles.⁴³

Paradoxically, these cosmopolitan groups often attract political suspicion and popular jealousy. As advocates for economic liberalization, such prosperous and educated elements of the urban scene can find themselves quite insecure politically, another illustration of how rapid urban change sets political and economic forces interacting in unstable and ambiguous ways. To the degree that foreign tastes, fashions, and intellectual currents gain popularity, they attract the suspicion and animosity of more culturally conservative segments. This is hardly a new dimension of East Asian life, but it is one accentuated by high rates of change, and one in which city and state interests can readily diverge.

However politically problematic, the basic ingredients of success in the game of attracting international business and investment together constitute a critical mass beyond the near-term reach of most cities lacking a coastal location, an international past, and a skilled population. Cheap labor exists throughout the region, including in the favored backyards of leading urban centers.⁴⁴ Interior regions appear destined to tag along at best. Nevertheless, breaking into or participating in the urban development game has great appeal nearly everywhere. No city or region wants to be left out and central governments feel obligated to try to help the less advantaged locations as a means of balancing geographically the benefits of economic growth. It is not just the interior regions that are at a disadvantage. The barriers to entry faced by coastal “green field” locations are also very large. Simply building massive transport and other basic infrastructure or declaring an economic zone is far from sufficient. The institutional and human resource “software” of urban-based capitalism is the most scarce and critical ingredient. Overcoming the lack of open institutional arrangements, a cosmopolitan culture, elite amenities, experienced entrepreneurs, and skilled specialists is impossible even for most coastal locations. Further, the newly created economic zones that have succeeded, such as Shenzhen, are typically suburban appendages of established cities.⁴⁵

The game, in other words, is being conducted among a small set of dominant urban players. It is played with higher and higher stakes as transport and international management consolidate. Linked to these are still many niches and possible strategies from which to choose, but the overall structure of the future regional economic system has already been laid. It centers on the cities under discussion in this paper and challenges the national governments to adapt to these external competitive realities. While welcomed for the prosperity export-led growth has brought, the marriage of open economics to state-based governance is inherently an ambiguous and uneasy one when viewed from the city perspective.

A simple pattern can be observed in all this: the urban private sector is proving more adaptive than city governments, and yet city governments are proving more adaptive than national governments. The critical focus is increasingly the political one of managing change, as the necessity for further transformation and the reaction to already rapid change collide. And as urban economies expand at historically unprecedented rates, city-state coordination in their management also moves to center stage. The legacies of past approaches to governance are hardly appropriate to meet these challenges and their fundamental inadequacy is increasingly apparent. The relationship, varied as it is across the region, begins with these basic challenges.

As time passes, states will increasingly need cities as the economic engines of growth in their relationship to global economics. It also seems that the successful cities (and their regions) will seek increased independence from the state, aspiring to the autonomy of a Singapore or Hong Kong. As long as open economics, effective management, and a vibrant local economy provide high rates of overall growth, major cities that compete in global markets will find themselves well positioned to finance and manage more of their own programs.

Urban Policy Dilemmas

In-migration from an overpopulated countryside can swamp a city, reduce its efficiencies, and undermine its chances for participation in foreign direct investment (FDI) flows. Those cities that cannot stay economically ahead of their rates of population growth need massive net transfers from central governments simply to cope.⁴⁶ Chinese cities, furthermore, while desiring the benefits of fluid labor markets, would also like to retain their ability to limit and control permanent population growth using the national residential registration (or *hukou*) system. The central government's regulatory controls help a Beijing or a Shanghai to manage population growth. Only the already prosperous cities with slow population growth such as Tokyo, Seoul, Taipei, Hong Kong, and Singapore will be in a position to become more internationally competitive without relying too heavily on national government help.

In the next quarter century, the population of East Asia will grow by approximately half a billion people. Virtually all of this growth will locate in cities and their environs. The region's agricultural population will not change appreciably.⁴⁷ This stunning prospect can be broken down by country and by city. The majority of the growth will occur in China, and will center on medium-size cities and areas surrounding the large metropolitan regions. Much of Southeast Asia, where rural fertility rates are still high, will also experience continued high levels of urban growth. To put this in perspective, five hundred million people is equivalent to the entire population of Europe or North America. It is as if in just twenty-five years and starting from scratch, every citizen of Central America, Mexico, the United States, and Canada would have to be housed, employed, and provided with public services. Moreover, compared to North America, East Asia is not as financially well positioned to undertake so massive a project of infrastructure and social engineering. Only the fact that the populations of East Asia do not share North Americans' levels of need and advanced living standards provides some relief in this comparison.

Ironically, the cities unlikely to face much stress from further demographic growth, are those that already are relatively well endowed with infrastructure, amenities, and services. The core areas of China's developed coastal cities, for example, will grow at much slower rates than the nation's inland cities. The prospect, in other words, is for an increase in the existing gap in the quality of life between those cities already successfully tied into the global system and those largely removed from it. This gap will also be reflected in a larger differential in the international competitiveness between these cities.

International experts who observe East Asian cities tend to focus on those with massive "problems." The inadequacy of water and waste treatment systems, the lack of sewers, auto congestion, poor housing, pollution, slums, the difficulties of urban finance, and a host of other subjects typically occupy their thinking. The scale of these problems can be immense and depressing, to say the least, and making headway against a current of continued urban migration is frustratingly difficult.⁴⁸ In many instances, the sense of an urban crisis for these locations will remain and deepen. East Asian urbanization has been a massive challenge for fifty years, stemming from its postwar population explosion and the incapacity of low productivity agriculture to absorb more workers. This challenge, largely weathered in Japan, Korea, and Taiwan, still confronts the developing countries. The Chinese state finds itself in the middle, between a small set of increasingly prosperous coastal cities tied to the global system that generate jobs and attract international investment, and a large group of interior cities which might be termed "globally disadvantaged."

In circumstances where urban population growth outpaces the local capacity to develop

needed infrastructure, it is tempting to see policies limiting migration or redirecting it to new cities as solutions. This can mean trying to keep rural populations in agriculture or at least in developing industries nearby so they can continue living in their natal areas.⁴⁹ Yet, in developmental economics, theory holds that as a population shifts from agricultural to urban employment, the productivity of agriculture improves and the labor productivity of the economy increases. Economic growth, in other words, is fostered by rapid urbanization oriented to where the new jobs are naturally forming. From this perspective the egregious state of many cities in developing countries is the inevitable by-product of what is inherently a positive development. An urban management perspective would urge central governments to restrain and redirect urban migration as a means of buying breathing space for cities. An economic growth model, by contrast, would point toward a policy of actively encouraging urbanization. Cities are “problems” in one scenario, and “solutions” in the other.

For much of the postwar period, the greatest attention at the state level has gone into slowing down or preventing urban migration. This heritage of the socialist experience has been periodically invoked in South Korea, Thailand, and Japan. But the policies invoked in its name—such as industrial dispersion, agricultural price supports, and regional infrastructure projects—have not had the major impacts predicted. In many cases, they have been poor investments. On the one hand, market forces have been the default dominant influence in Japan, Thailand, Korea, and more recently, in China. On the other hand, the potential advantages of encouraging urbanization have only recently come to the attention of central planners. Beijing is reportedly considering precisely this approach for its next ten-year plan.

To what degree can or should the state attempt to direct, channel, or inhibit urbanization? What is the correct rate of urbanization? Should central authorities try to determine a proper size for or geographical distribution of cities across national landscapes? Should all cities be equally endowed? Should the state redistribute public resources geographically in the service of directing population to interior and smaller cities? What effects would such a policy have on the more prosperous and slower growing coastal cities? Do the requirements of international competition privilege the successful cities? What comes first: human or economic needs? Should alleviation of the conditions of the poor, for example, take priority over reducing traffic congestion? These questions are of critical national concern, yet most countries of the region have no clearly articulated plan that answers them.

If the pattern of urbanization is to be managed via regulation, resource allocation, tax subsidies, and controls, then the general role of the state in the affairs of cities may indeed grow. Attempting to plan and direct where immigrants from the countryside people will live and work—should that be the policy choice—entails government intervention on a massive scale. Such an effort would certainly enhance state power. Given the role of international market factors and the already vibrant growth of the large metropolitan areas, however, such an approach appears increasingly unrealistic and likely to fail. Even in the still highly authoritarian China, the independent momentum of the economy’s private sector—witness the recent history of special economic zones—now appears too great to control directly. Following the success of the first several rounds of coastal special economic zone development, the Beijing authorities created a great number of new zones in noncoastal areas where transport is difficult, human resources underdeveloped, and returns on FDI riskier. That these zones have generally languished indicates that government fiat can no longer serve as the major determinant of where people or money locate in China. More and more, the region’s national economic geography is the product of private forces influenced by government policies when and where they are consistently enforced.

Policies directing growth away from the successful, coastal cities, furthermore, imply that resources for urban development will be allocated to sites more removed from global dynamics and arguably less efficient as “engines of growth.” Secondary cities, whether in China, Korea, or Indonesia, will certainly accumulate people and grow as part of their respective domestic economies, but are unlikely to grow as rich or become as important as the major cosmopolitan centers.

Policies aimed at shifting authority, resources, and responsibility downward to metropolitan, provincial, and local government levels are much contemplated in East Asia today, especially following the financial crisis. The lure of decentralization is multifaceted: populist, economic, and managerial. In theory, it promises greater efficiency by directly connecting resources and decision-making to local problems and political pressures. To average people, it promises a greater voice. To local officials, it promises less red tape. To reformers, it has the potential to reduce the authority of entrenched officials. But it also releases central bureaucrats from many difficult responsibilities and offers greater power to local officials and politicians. Decentralization simultaneously appears to be progressive, to offer something to everyone, and to help shift power away from elite national officialdom. Until it is actually implemented, it has enormous appeal.

In addition, decentralization obviously contradicts the rising need to articulate coherent national urban policies. It represents a shift away from centralized planning and the setting of standards. Most critically, decentralization proposes a form of resource allocation that denies financial power to a national urban strategy. In practical terms, it faces other major obstacles. For example, it is far from certain that sufficient revenue-generating authority will be transferred in the process, or that local bureaucracies are prepared to efficiently manage expanded responsibilities. Imposing and collecting greater taxes and user fees, designing and maintaining complex infrastructure systems, providing competent services, and coordinating all these matters are not tasks to be taken lightly. Possibilities also exist for increased corruption. The fundamental contradictions with existing centralized authority and the practical problems of effective implementation are easy to list. It is difficult, however, to find any country in the region engaged in a serious public debate about decentralization. The management framework for dealing with an increase of four hundred million urban dwellers is thus very much up in the air for much of the region.

China presents a moderate exception to this rule. It is already highly decentralized in the areas of taxation and economic development. Now, faced with eroding regulatory control, it is searching for a different kind of balance. As mentioned above, China continues to retain administrative control over matters of legal residence via the *hukou* system and this has historically inhibited (but hardly eliminated) movement from rural to urban areas. Today the effectiveness of this system is much diminished. Conservative estimates put China’s floating population in the tens of millions. The coastal cities are laden with workers from the countryside who are unregistered or categorized much as guest workers are in Europe. Still, even as coastal cities like Shanghai aim to keep the better jobs for their own registered citizens, skilled workers are in short supply and the cities must compete for them. Many offer instant resident status to talented people whom they seek to attract. The system’s ambiguities and increasing exceptions mean that it is slowly breaking down. As this continues, the state’s direct leverage will only decrease. Given this prospect, it is investigating other means by which it can shape national outcomes according to a centrally developed plan that will encourage urbanization as part of its economic growth strategy. The scale of China’s

problems may explain why it appears to be engaged in a more sophisticated exploration of these issues.

Viewed from a regional perspective, the management of cities has a further general dimension. A chain of underlying connections leads from the well-ordered cities of developed East Asia to their chaotic counterparts in the region's poorer countries. A palpable flow of investments in lower value-added manufacturing extends from the wealthy cities to the burgeoning outskirts of places like Manila, Shanghai, the Pearl River Delta, and Jakarta, linking them in the global division of labor and capital. The recipient areas have all the characteristics of boomtowns, most notably explosive growth producing woefully inadequate planning, infrastructure, and regulation.⁵⁰ Foreign investors moving production offshore tend to head for what are perceived as "greenfield" sites, where they find lower land prices, less initial traffic congestion, and ready-made industrial parks. The rate of expansion in such "peri-urban" areas is staggering. For example, in one short decade, Hong Kong moved 90 percent of its manufacturing across the border to relatively undeveloped parts of Guangdong Province. In the subsequent decade, the sixty-mile transport corridor that runs from the border to Guangzhou has become a dense patchwork of factories, dormitories, and new towns, housing five million new workers.⁵¹ Similarly, Taiwanese manufacturing companies have crossed the Taiwan Straits by the hundreds, creating the boomtown of Xiamen.⁵² Bangkok has spilled out for miles along the Eastern seaboard. Manila has spread southward to Cavite and Laguna. A simple rule of thumb is to think of these peri-urban developments as doubling the urbanized space around these city/regions. Almost everywhere, foreign investment-driven manufacturing growth now occurs outside the formal metropolitan boundaries of the coastal cities, making them the centers of vast social complexes for which the term megacity has been coined. Measured inclusively, many of these centers contain fifteen to twenty million people.

Urban expansion can easily overwhelm the capacities of local government. The foundations for cooperative solutions to pressing transport, sewage, water, energy, and environmental issues are absent on the margins of the established cities. Jurisdictional conflicts are endemic and often compounded by enmity among local political parties, each controlling part of a consolidating geography. Much of this new growth thus seems unsustainable in terms of societal development and environmental degradation. Sprawl is a moving target and redistricting a chronic challenge. Metropolitan Bangkok has been reorganized nine times since 1950, and yet each time further growth has outpaced the adjustments to both administrative and jurisdictional arrangements. The creation of new regional authorities is becoming a pressing need.

It is no surprise that urbanization creates major problems for governance systems that were developed for a largely agricultural world. Enormous, overcrowded cities and the conversion of rural towns to cities was not the anticipated landscape when national independence was being attained. Open economics has further complicated the picture by permitting greater social geographic disparities, which in turn have produced new demands on the state. On the one hand cities seek greater regulatory independence from the state, while, on the other, the state struggles to prevent the politically destabilizing effects of unbalanced growth. Such reallocation of resources will tend to increase the autonomous tendencies of the cosmopolitan cities and put the state in the unenviable position of backing the nation's slower-growing parts.

The collection and distribution of taxes, for instance, is inherently problematic when viewed geographically. Calculations of overall public revenues (those flowing to various

urban authorities and to the state) and overall public expenditures tend to show that the major cosmopolitan cities generate the majority of revenues, but what comes back in the form of subsidies is rarely equal to what goes out.⁵³ Just how far the populations of the successful cities will be willing to subsidize their fellow citizens in poorer regions is a political question that will only become more prominent with time. Indeed, it lies at the heart of the current party turmoil in Japan.

The Asian Development Bank's estimates of needed infrastructure improvements—if the region's cities are to cope adequately with urban growth—are many orders of magnitude greater than the capacities of all but the richest to raise. Current revenues are generally inadequate merely to fund existing city governments and services. International loans supply a fraction of what is required. Systems of urban finance are outmoded and, as a rule, very poorly administered. In the poorer cities, user fees for water, electricity, or public transit fall short of even paying for maintenance. It is also commonplace to find that collection rates in much of Southeast Asia are below 50 percent. Until major improvements occur in this area, the credit-worthiness of the poorer cities will remain problematic.

That Bangkok, Manila, and Jakarta as national capitals benefits them greatly in garnering adequate state funds for some purposes. National leaders dislike having their electricity fail or the parks around national monuments untended. By the same token, the electoral systems of these same countries are dominated by rural representatives with differing agendas. One notable legacy of the past is the ubiquity of agricultural ministries and the absence of high-level positions responsible for effectively responding to the needs of cities. Urban policy is consequently fragmented, with a multitude of agencies and budgets impacting urban systems. The left hand typically does not know what the right is doing in such circumstances. The result is not only confusion and difficulty in forming an overall policy, but also extensive turf wars and greater power to those who informally broker arrangements of all kinds.

Adequate local management is another common problem.⁵⁴ The systems and experience to operate facilities and provide services on a greatly expanded scale are lacking. Often new infrastructure investments are threatened. Particularly in Southeast Asia, there is frequently no expertise to operate improved facilities properly. Nor is it uncommon to find elected officials of one party running a city while those of another control the central government. Similar ambiguities and misalignments among various elements of central bureaucracies also confound urban management. Finally, inappropriate and inflexible policies, extensive permitting delays, graft, and jurisdictional confusion are routine. Increasingly, across a broad spectrum of the region's cities, urban dwellers—rich and poor alike, frustrated with such incompetence and confusion—are organizing in order to force greater local government responsiveness.

Viewed from this perspective, decentralization makes good sense. While local leaders may inherently think of cities as economic entities, and locate their own city's interests in the context of international competition, central government officials more usually characterize cities as a collective set, setting policies affecting them as part of cross-cutting national agendas (e.g., housing or unemployment). The local viewpoint sees matters as interrelated in a specific context while the national-level approach segments issues within a different context. The resulting priorities and forms of policy integration are also, therefore, likely to be different. Take the example of labor market conditions. A city perspective begins with local supply-and-demand issues tied to local business conditions. It seeks to reduce local unemployment by encouraging economic activity, while keeping average labor costs in check

and assuring the availability of needed skills. Such a perspective is similar to that of a corporate personnel manager responding to feedback from other divisions of the firm. A national perspective on labor, on the other hand, approaches the same issues in the aggregate, without a particular focus on any one nexus of economic conditions. Reducing unemployment or formulating a policy for upgrading skills becomes a matter of allocation over a large geographical area.

Small wonder, then, that a city-state like Singapore with a unitary, local focus does so well economically, or why Hong Kong is anxious to stay as independent from Beijing as possible. These city-states can capture the full benefits of their prosperity for their own local purposes. They can control population growth. Their feedback systems relating problems to solutions are well calibrated. Moreover, in these two cities, the source of public goods can readily be identified. The city-state is well aligned to convert the realities of cosmopolitan capitalism into pragmatic programs with which the populace can identify.⁵⁵

In sum, management problems related to urbanization are enormous, but they are not evenly distributed. The nation state is caught squarely between rich and the poor cities and regions. The state's policy dilemmas are especially daunting given the lack of experience and managerial capacity at the city level. In addition, opening to global capitalism has narrowed the state's options as market forces have gained in power. If decentralization trends advance as part of administrative reforms, this power will diminish further. The crucial point is that while the more needy cities will turn to the state for help, the more successful may turn away in order to advance their own parochial interests.

Cosmopolitan Cities and Social Control

Modernization theory has long made the argument that as economic development advances and cities grow, challenges to social control confront state authority. This seems even more true in an increasingly global world. That the cosmopolitan city is a very different place to govern than the agricultural countryside or a small town is inarguable. But does such a difference imply that, as cosmopolitan cities advance, they form the basis for greater popular participation and liberalization?

This process of change leading to a different political environment has many dimensions. As urban economic forces, such as international commerce, bring changes in the availability of information, foreign and internationalist influences expand, and new interest groups gain in power. The education level increases and alternatives to the government's portrait of reality find a wider audience. In Southeast Asia, for example, urban growth has also meant more power to the commercially oriented Chinese ethnic minority. The weight of political patronage also shifts. Money made in the global economy, for example, speaks louder these days. Such changes, the argument goes, will impact the character of state control, making persuasion and flexibility more important while reducing the effectiveness of propaganda and coercion. The assumption is that wealthy, international cities are bases for more liberal political forces. Such cities remain in the minority in most nations and the state has various ways of addressing them.

The so-called urban middle class is a particularly pivotal component of urban political dynamics. This group includes salaried employees, the viably self-employed, and others with incomes that place them in a position to afford a comfortable living and the pursuit of

educational advantages for their children. The middle class need not be only white collar, but the lifestyle, attitudes, relatively high level of education, and urbanity of outlook synonymous with the middle class incline in this direction. Compared to members of the urban lower class, small town residents, and farmers, the urban middle class is much more cosmopolitan in terms of work, travel, and consumer taste. This group is generally among the first to use new forms of communication technology. Likewise, they are active consumers attuned to fashion and the media. They have higher expectations for and are sensitive to public services and the urban environment. They tend to be more informed in general, and about conditions abroad in particular. They have access to many sources of information. All of these characteristics generally make the urban middle class less amenable to direct government control, especially where propaganda is concerned. They are similarly resistant to claims on blind loyalty. They may be no more emotionally loyal to the nation than their rural or poorer brethren, but they are less likely to accept blatant state manipulation. Appealing to this population and gaining its approval involve different means than have been typical of most East Asian governments in the recent past.

More independent in their sources of information and more skeptical for reasons of education and experience, significant elements of the urban middle class are potentially capable of serious political opposition. This has been demonstrated recently in the streets of Manila, Beijing, Bangkok, Jakarta, and Taipei and remains a factor in nearly all of the cities under discussion in this paper. Yet it is misleading to attribute many of these urban-based political upheavals primarily to a unitary middle class or a social group that is consistent in its political self-awareness or commitment. Rather, the category contains diverse groups and has few ideological rallying points. Many who would qualify as middle class are apolitical or conservative, while many others are mercurial with respect to basic issues involving authority and order. It would be more accurate to consider the contemporary East Asian city as the context in which a growing, but diverse middle class is finding greater autonomy from the traditional means of state control. It is also fair to say that persons fitting the broad definition of middle class favor the rule of law, oppose corruption, want improved city management, and are concerned about the urban environment. Such agreement, however, does not unite them as a class on other issues.

Communication systems in today's leading cities are far more developed and less regulated than they have been in the past. Thanks to such innovations as the Internet, fax machines, cellular phones, and satellite TV, information flows are increasingly dense and largely beyond government control. News and opinions from around the world are readily available and the systems for receiving them are numerous and continually expanding.⁵⁶ This is true even in China, despite the government's active control efforts. International news and information are more important than ever, particularly to those in business, scientific research, and technology development. Virtually all manner of innovative work has evolved to depend, in some degree, on the global communications system. A growing proportion of the urban middle class—those in marketing, finance, product development, and shipping—along with professionals, academics, media workers, artists, students, and government workers therefore have independent access to ideas, data, and colleagues outside their own country. This “connected” class constitutes a growing presence in all of the region's leading cities.⁵⁷ During the last twenty years, this element of the population has also greatly increased its level of international travel and interaction. It possesses a sharpened sense of international activities and a keener interest in access to foreign developments. For these reasons, state attempts to separate the political and cultural from the apolitical and technical

within the expanding global flows present significant challenges. The general influence of foreign ideas, practices, and judgements in nurturing greater independence of popular thought and opinion is growing steadily.

Flourishing consumerism also plays a role. Exotic, sometimes outrageous, imported fashions now appear regularly in the cities of East Asia, challenging conventional modes of dress and behavior, as well as government efforts to legislate decorum and taste. An iconoclasm fed by foreign trends is increasingly the measure of sophistication among the urban young, while the *élite*, too, have their own fascination with imported styles and symbols of status. Urban popular culture in East Asia is heavily influenced by what global industries serve up in areas of entertainment, taste, and material consumption. In the contemporary city, the state runs considerable risk of failure and embarrassment if it attempts to repress such influences or control everyday behavior or appearance. Government social control in the form of moral leadership and public standard-setting becomes problematic as contemporary consumerism flourishes. More subtle means are now required, including earlier and less overt socialization, public advertising, and the mobilization of civic forces to government purposes. Coercive means and efforts to monopolize public culture are shrinking in their utility.

Commercial cities everywhere attract ethnic and religious diversity; the more successful, as a rule, the more diverse. They must find ways to accommodate such diversity, and this becomes difficult where preserving the cultural homogeneity and orthodoxy remains a state priority. The larger minorities also have big countries ready to support their interests. China, Japan, North America, and Europe have large numbers of their own residing in urban Asia, for example, and thanks to enhanced communications, organized religions can quickly respond to threats against their overseas brethren. Throughout the region's coastal cities, powerful and internationally well-connected groups, such as the overseas Chinese, have increased their importance to the general economic well being. The civil rights of such minorities are scrutinized in the region as never before. All of these considerations, long-standing and not unique, are compounded in the regional context because of the new power accruing to many international business networks. Urban-centered ethnic and religious diversity complicates and cuts across the grain of state authority. It can also serve as a spur to cultural nationalism and as a rallying point for resentment toward foreign influence and privilege which the state may be tempted to utilize for its own control purposes. Anti-minority campaigns thus become fulcrum issues in the tug-of-war between the forces of global capitalism and those of state-based cultural conservatism. They highlight once more the tensions and ambiguities that have arisen between the cosmopolitan cities and the postwar, postcolonial legacies of the East Asian state.

The cities considered here are home to the great majority of top universities in the region.⁵⁸ University students concentrate there and give the cities an added political dimension. In Manila, Bangkok, Jakarta, Seoul, and to a lesser extent elsewhere, they have become the political shock troops of the urban middle class. It is rare in East Asia for a top university not to be in a leading city and not be a natural seedbed of protest and criticism. Students are typically the first to take to the streets at pivotal political moments, and they have often been in the vanguard of movements for greater democracy. Assaulting state power in the name of fighting corruption and/or enhancing the voice of "the people" has grown in popularity. Participation in the political process has riveted students, as exemplified by the conspicuous role they have played in recent major political protests. The severe repression of these demonstrations in Yangon and Beijing has led to massive international economic repercus-

sions. More willing than older members of the middle class, the working class, or the poor to take to the streets, students are the most politically volatile element of the urban political landscape, and the most inclined to spontaneously challenge authority.

Through many of the newer forms of communication, faculty and students are increasingly linked with like-minded groups in other cities of the region and internationally. As such, they possess a new form of leverage in the response international media will give to dramatic political events like street protests. The student-led uprising in Beijing in spring 1989 illustrated the power of the fax machine. Mobile phones and satellite connections also indicate how new technologies are changing the balance between the political forces of the cosmopolitan city and the coercive power of the state. The leaders of Bangkok's 1993 popular street demonstrations were able to disseminate information about conditions in the city (sometimes relayed back from outside Thailand), and thus stayed ahead of the police's tactical movements. Communications technology can be viewed as a new "equalizer" in the face of such popular uprisings and gradual retreat from such technology-based changes can be observed even in China, Vietnam, and Burma. A subservient or censored media is no longer sufficient to control access to information in the region's urban populations, with the single exception of Pyongyang.

If local events can be brought before world opinion with relative ease, the state's ability to apply its monopoly on coercive force is greatly reduced. Periodically, the rest of the world now sits in judgement on some East Asian governments' attempts to apply traditional force to their populations, putting their credibility to a new kind of test.⁵⁹ It is important to note that such scrutiny is generally limited to the larger cities and their environs. Anti-insurgency activities, repressive actions in rural areas and in hinterlands and borderlands are rarely inhibited in a similar manner.

Lumping wealthy entrepreneurs, urban minority populations, students, professionals, intellectuals, and the "middle class" in the same category of urban cosmopolitans can only take our analysis so far. These groups are normally not natural allies in political, social, or cultural terms. Business leaders and intellectuals are often at odds. The economically secure often abhor the disruptive tactics of students. Students typically view business as part of a distrusted establishment. Nor is it correct to assume that national bureaucrats, themselves residents of cities, are inherently antagonistic to cosmopolitan urban influences. The cities we are considering include many national capitals, where on an individual level, government officials may have a range of sympathies. For urban pluralism to solidify into a broad-based citizens' movement is possible, but hardly likely. For limited periods of time, Seoul, Bangkok, Manila, Taipei, Yangon, and Jakarta have been the environments for significant movements of this kind. Kuala Lumpur has also recently witnessed large popular demonstrations.

What is particularly interesting, then, is that neither the fact of a growing and influential urban middle class nor the new globalized information environment found in cities translates readily into the formation of urban political parties. While the majority of East Asians will soon be urban, national party politics will not automatically give precedence to urban issues or be driven by urban interest groups. In Japan, for example, 80 percent of its population has been urban for more than half a century, yet party politics have continued to have a disproportional rural bias. Japanese politics have never been dominated by the urban middle class. The rural vote remained powerful for a variety of reasons, the most essential of which is that it is more easily organized and united by certain interests and issues. Gerrymandering also plays a role, especially as redistricting seriously lags demographic change. Urban popular forces may be able to blunt state power temporarily or even cause a government to

fall, but they do not readily unite into effective party organizations. Groups focused on narrower interests—rural districts, unions, farmers, and industrial associations—have proved over and over again to be more organizationally cohesive.

Another facet of this change is the growing power of a multitude of regional business networks, most notably those among the urban Chinese. These networks have their own distinct character and the variety among them is considerable. Like multinational corporations, however, they are most notable for their capacity to move money, ideas, technology, and people in, out, and among national confines. For these networks, business is increasingly borderless, and they embody the fluid international elements of these cities. As with multinationals, the wealthy overseas Chinese can vote with their feet when conditions in a particular country are not to their liking. They are less subject to the authority of the nation state than they once were.

The advance of international nongovernmental organizations (NGOs) into the region's major cities has complicated government authority.⁶⁰ This is not an entirely new situation. In earlier centuries, missionaries represented foreign universalistic movements, and in the early postwar period, international communism posed a challenge to colonial authorities. Today, the most active international agents belong to NGOs advocating environmental, humanitarian, and human rights causes. Most of these have been "Western" in philosophy and origin, but are now increasingly popular and locally rooted in cities from Tokyo to Jakarta. Those most likely to be drawn to such causes are from the urban, middle, and especially intellectual classes. The growing NGO presence further illustrates the cosmopolitan character of East Asia's emergent urbanism. Invariably, these movements arise and thrive in cities already characterized by economic opening. Membership implies that the individual identifies with a universal ideal that he or she is willing to set above loyalty to national authorities. In many instances, members are put to work monitoring the activities of their own governments and publicizing transgressions to a global audience. The use of international media by groups such as Amnesty International or Greenpeace is a kind of leverage comparable to that possessed by multinationals and business networks. Twenty-five years ago, the state could more easily control such groups. Today, due to changes that are largely urban, such control is far more difficult. Finally, the fact that NGO organizations are linking with one another across the region confirms our analysis that city-to-city networks are at the heart of regional dynamics.

The symbiosis between city-based financial resources and the state's coercive power raises a different set of questions. Alliances between large business and elements of the bureaucracy (including the military) are still a mainstay of the underlying power structure almost everywhere in East Asia. Under-the-table dealings between city-based entrepreneurs, power-brokering politicians, government ministries, and military leaders have been central to decision-making both in the allocation of state economic favors and in the matter of social control. Virtually all of the region's countries offer extensive evidence of such collusive arrangements. According to the classic pattern, political stability, cronyism, an economic role for the military, and social control intermingle in backroom arrangements. Typically these were legitimated in the name of nationalism or preserving the social order. These collusive structures, however, are under considerable pressure in a world of global commercial expansion and cosmopolitan urbanism. First, the state's traditional capacities to legitimate such cronyism are weakening. Second, the state no longer monopolizes the most important economic resources. Third, the role of the military in national security and in maintaining the social order has declined. Fourth, global capital has less tolerance for the

extremes of cronyism. Fifth, the growing voice of urban money has begun to speak for practical urban interests, as it becomes apparent that cities and their regions are critical economic environments in the international system.⁶¹ The collusive structures are neither disappearing nor being replaced by a simple urban-based democracy, but they are changing as a result of these forces.

As cities grow prosperous and their populations gain access to independent information and foreign example, the means of social control developed by the postcolonial state have diminished. This is most dramatically evident in the changes in urban China since 1978, of course, but can be observed in less remarkable ways across the region. Cities—especially the successful, cosmopolitan ones discussed here—have been essential crucibles of such change.

As the middle class population of the leading cities grows more resistant to many forms of state authority, the question of cities and democracy arises. In the standard account of Western history, Europe's cities played a vital role in the institutional evolution of democracy and were subsequently central to the rise of popular demand for greater political freedom. Both the merchant-led institutions of local government and the self-governing semi-autonomy attained by cities contributed significantly to the rise of Western democracy. Would not the same social factors be working in contemporary East Asia to the same purpose? Would not the growing middle class, a changing information environment, a weakening of state controls, and a vibrant set of international influences produce consistent trends toward greater popular democracy? Western social science would predict such an outcome.

Some of Asia's most outspoken political leaders strongly disagree. Their argument—some would say apology⁶²—goes as follows: Asian societies are used neither to democracy nor to public, rule-governed, adversarial behavior. They are young, as nations go, and growing too rapidly to accommodate Western-style democracy. They will develop in a stable way, the argument continues, only if economic concerns are more honored than “Western political ideals.” Some even argue that democratic politics be properly tempered by a dose of authoritarian control in the name of the collective good. The assertion is not only that Asia is different or exceptional, but also that, in Asia, liberal economics can be fostered by and then co-exist with illiberal forms of governance. Typically, some nod to the eventuality of a gradual transition to Western-style democracy accompanies this argument, as economic development reaches a mature stage. While it is unwise to allow this reasoning to stand uncritically, it is equally unfair to dismiss it outright.

East Asia's experience with democratic thought and practice is historically shallow, especially if Europe and North America are the points of comparison. Further, some of the basic underpinnings of Western democracy—such as individualism, the legitimacy of public dissent, the elaboration of individual political rights, and the autonomy of cities—lack historical roots in the region. At the same time, in the very cities we are considering, there is clearly a popular base for democratic movements, with considerable understanding of democratic thought, procedures, and institutions. One also finds ample evidence in the historical record that urban merchant organizations were not unfamiliar with a democratic style of self-management. Colonial cities also have some experience of Western law, however much its administration was distorted under colonial rule. Examples of considerable democratic progress exist in Japan, South Korea, and Taiwan. The argument for “Asian exceptionalism” is hardly overwhelming.

While ideological efforts to build a firewall between economic and social change on the one hand, and political reform on the other, today appear effective in places as diverse as

Singapore and Beijing, the underlying trends point firmly in another direction. As long as the cities remain outwardly oriented to global capitalism, pressures for greater political participation and decreasing arbitrary authority on the part of the state will increase. The rule of law and electoral reform already have broad appeal, whereas individual rights, government transparency, and a fully independent media remain more culturally unfamiliar ideals. In the current global environment, however, all aspects of democratic change receive greater attention.

For much of the region, economic modernization is far from complete and the practical problems of development and the pressing realities of poverty and national disunity remain manifest. There are many reasons that a strong state appears desirable. The assertion of “Asian democracy” is symptomatic of a basic anxiety about order and efficiency in the face of rapid social change. Patently, urbanization and urbanism will be persistent sources of this basic tension. In the case of China, the enormous management problems, geographic balancing acts, and cultural bridging efforts necessary to keep rapid economic development from destabilizing the coastal cities might seem to justify more, not less, state authority. The rise of the largely urban Falun Gong movement has become another source of unease at the top. But these issues are hardly restricted to China.

Democratic reforms promise few solutions to these problems. Major infrastructure projects require money and initiative that only the state can muster. More popular participation would likely mean delays and local opposition. It is also difficult to see how greater popular participation would enhance national unity, given the urban areas’ already advantaged position in terms of money and media voice, and the powerful divisive regional tendencies democracy could unleash. Nor would more democracy silence Falun Gong and the many other new religio-political movements in East Asia. Finally, the urban middle class remains a small minority in most countries. Whether its political concerns and ideals represent the larger population is questionable, just as its economic interests differ from those of the urban poor and working classes, the farmers, and others living in the interior. The current mix of problems and forces is volatile in China and much of Southeast Asia and the potential for reaction remains significant. Viewed in the national context, it is easy to see the cosmopolitan city and its liberal inclinations dwarfed by reactionary forces in the event of major economic setbacks or international hostilities.

“Experiments” in democracy may be greatly encouraged by the economic ascendancy of cities, but the historical timing of such developments has frequently been problematic. While state dominance of economic activity has declined, it is far less clear whether this prophesies wider political change. Plainly, no single underlying “path” to democracy exists. Economic liberalism may be linked to other aspects of political change, but the relationship is not yet apparent. What momentum there is depends largely on social changes related to expanded urban participation in the global capitalist system. In sum, neither the predictions of modernization theory nor the arguments for “Asian exceptionalism” appear correct. Rather, each offers some insight into a more complex reality.⁶³

Borders and the Military

Sovereign borders are fundamental to every nation’s integrity, yet cosmopolitan cities participating in a networked system of global capitalism are adding new dimensions to

national security and highlighting new meanings to borders. In conventional thinking, national borders are near sacred entities, critical to sovereignty and national identity. They are also central to the legitimacy and status of the military as an institution.

Today, however, according to the logic of global capitalism, borders can appear in a different light. If they offer protection from excessive in-migration of unskilled labor, they will be viewed positively, but if they impede the flow of capital, technology, or skilled labor, they will create problems. In an era when military threats between neighboring states in the region have been declining and remote border regions seem increasingly inconsequential, even burdensome, in economic terms, a city-based perspective underscores the high costs and low returns to conventional border maintenance. Territory per se is less important now than it was in the past; nodal position in international networks has taken precedence. With these changes will come an eventual reassessment of the role of the military in East Asia.

Again, the examples of Singapore and Hong Kong prove particularly instructive. Both are inherently indefensible in military terms, yet each has found security through economic interdependence. Because these cities control their own borders, they enjoy distinct advantages when it comes to tightly controlling immigration, coping with corruption, maintaining a civil society, providing public safety, and shaping a work force for high value-added corporate activities. Hong Kong and Singapore are widely envied in the region for the economic advantages their borders provide.⁶⁴ Both governments have actively encouraged the development of cross-border hinterlands to expand manufacturing activities. Further, responding to their spatial constraints, each has been particularly astute and single-minded in calculating their respective interests. Neither, of course, can trade any longer on the advantages of low-cost labor, nor are they burdened by the weight of large peasant populations or the costs of defending and developing extended territories. Tellingly, tiny Singapore is prominently more successful and secure today than its giant neighbor Indonesia, with its multiple secessionist problems, geographical vastness, and burgeoning agricultural population. This does not mean that Singapore has no security issues, but rather that global cities present new security considerations.

Hong Kong and Singapore have other advantages attributable, at least indirectly, to lack of space. They have achieved access to international capital markets free of the red tape that national bureaucracies typically bring. With such resources, they have created the most efficient urban environments in the region. Their tax policies and business regulations have a clarity of purpose that would be impossible were many layers of government involved. Finally, while neither city lacks political problems, popular identification with one's city is real. People see common interests fairly readily at the level of the city. As such, the realities of global capitalism have greater acceptance, and the popular willingness to adapt to them exceeds what is generally possible over the more complex landscapes of the nation state.

Given the centrality of key urban areas to the region's overall economic vitality, the salience of borders from an urban perspective is likely to grow, while the relative importance borders hold for remote areas will probably decline. In the instance of China, it would seem that a well-managed and secure Shanghai will prove to be far more nationally important than the government's hold on Tibet.

The Pearl River Delta area is an interesting one of a major (if rarely specified) megacity straddling a sovereign border. Hong Kong cannot tolerate a flood of new immigrants and both the Beijing and Hong Kong authorities, while clearly anxious for continued economic growth, have been worried about the ramifications of rapid social change based on cross-border influences.⁶⁵ Hong Kong thrives in a laissez-faire business environment, intensely

international, with considerable political freedom—a strong contrast to the political order still prevailing on the Chinese side. The giant industrial suburb of Shenzhen, and much of the Chinese side of the Pearl River Delta, benefit from massive Hong Kong investment and Hong Kong entrepreneurs cross the border daily, almost as they would were there no border, and goods flow in the other direction in great volume.⁶⁶ Ninety percent of the former colony's manufacturing has now moved across the border. The wheels of such massive and mutually beneficial change have been oiled on the Chinese side by extensive cronyism and graft. Thus, in addition to fearing a flood of migrants, Hong Kong is concerned about a backwash of corruption flowing back across the border. Beijing, for its part, in setting up Shenzhen as a special economic development zone, sought to quarantine the social and political changes that would arise in the zone as it discovered capitalist prosperity. Shenzhen thus remains a buffer partially screened off from both Hong Kong and the rest of China. Both sides wanted the border to remain for their own immediate purposes, none of which is military. Interestingly, the Pearl River Delta is rapidly becoming a single metropolitan area, albeit one divided between different forms of government, different standards of living, and different stages of social and economic development. The greatest challenge currently facing both sides may be how to adapt to the looming reality of jointly managing a single vast metropolitan region. A first task is to determine more precisely what aspects of the border can be more permeable and what must remain highly controlled. Borders like the one separating Hong Kong and Shenzhen are likely to become the norm for the region's cities. Their needs and those of the traditional nation state will require regular adjustment in a world of increasing international flows.

The multifaceted “economic” border, therefore, is open to investment and technology, to the movement of skilled labor, to the free passage of goods (in an outbound direction), and to short-term visiting. It also involves the strict management of population movement, the exploitation of cheap labor, and efforts at cultural and political prophylaxis. The Hong Kong–Shenzhen example has clear analogues elsewhere. Singapore maintains its own version of this formula with both Malaysia and Indonesia. We can see the pattern in China's initial approach to its special economic zones and in its retention of the *houkou* system. Malaysia keeps its Indonesian guest workers on a very short leash. The Thai do the same for the Burmese working there. And a similar pattern is likely to arise between South and North Korea once investments from the South begin in earnest.

As cities become more prosperous and contribute to further economic growth, they also become more important to overall national security. Interestingly, while their relative importance to the national interest has never been greater, they are also more vulnerable than ever before. There was a time in the history of warfare when capturing cities was a major strategic goal. Today they are particularly vulnerable to terrorist attack, and to contagious diseases, to international drug epidemics, and, in the case of East Asia, to natural disasters. Modern economic systems rest on complex webs of information, transportation, and communications, all centering on key cities. The importance of fragile urban systems argues for new security orientations aimed at preventing unconventional attacks—not along clearly identified borders, but at points where new levels of permeability have arisen to accommodate the various flows between cities.

An urban-oriented security posture is not easily embraced by the conventional military. Cities' inherent fragility and their open social systems mean that they cannot be controlled or fought over in the usual ways without extraordinary destruction. Effective protection of cities requires skills different from those currently characteristic of the region's military. If

they are to play a significant role in protecting key cities in the future, they will have to adapt to the new economic and geographical realities.

As in the early history of cities and states in Europe, the balance between two kinds of resources—money and coercive force—plays a role here. The dominance of the state in European affairs arose as urban money was increasingly spent on territorial expansion by means of military power.⁶⁷ Cannons trumped the walls of trading cities and merchants traded independence for security. In East Asia, we may be witnessing a realignment of money and coercive power that moves in the opposite direction. This is a possibility worth considering.

As the meaning of borders evolves and as cosmopolitan cities become increasingly central to national well being, how will these changes affect the traditional role and status of the military? By definition, the military is explicitly and unambiguously a state instrument, more than almost any other component of a national bureaucracy. In postwar East Asia, furthermore, the military has most consistently embodied the nationalist ideal. In most countries of the region, the military has historically played a central role in anticolonialism and in the formation of independent states. Military heroes have generally led the final stages of independence movements and officiated at the creation of new nations. Sovereignty and nationhood have been the military's sacred business. If the balance between the city and the state is altering, then this shift should be reflected in a changing role for the military.

Characteristically, and not only in East Asia, the relationship between the military and the population of cosmopolitan cities has been ambiguous. The two entities are obviously very different, each embodying distinct thoughts and values. The sources for these differences are myriad. Military recruitment occurs heavily in rural areas. Military bases and training facilities are also largely rural. Anchored in their allegiance to the nation state and to the military itself, officers are typically suspicious of, or at least uncomfortable with what they view as the cities' cultural ambiguities, moral laxity, political liberalism, and popular materialism. The sophisticated and intellectual sides of cities—the skeptical, the ironic, the fashionable, the self-indulgent, the clever and so forth—are antithetical to the officer's mode.

Nevertheless, military power rests on national wealth and on modern weapons systems. Cities count in these matters. In East Asia, the generals cannot ignore the benefits that open economics has brought in terms of budget growth and access to more advanced technologies. Urban-based research and development capacities are also important. Interestingly, countries in which the military remains dominant (e.g., Burma, Vietnam, and North Korea) are places doing very poorly in economic terms. They are also countries in which military capacities are consequently languishing. Places in which the military has had the lowest profile and the least influence in the postwar period (i.e., Japan, Singapore, and Hong Kong), on the other hand, enjoy the highest levels of per capita income, the best managed cities, and the most advanced technology. Between these two extremes, we can locate other cases along a spectrum that fits this same pattern. Taiwan and Korea, despite very real national security concerns, have incrementally moved the military aside as they have advanced economically. The same trend has occurred in Thailand. The military in the Philippines, Indonesia, and China, by contrast, has continued to play a central role. Is it a coincidence that these nations and their major cities are struggling to move from peripheral to more central locations in the global system?

In recent years, the central position of the military in most governments has evolved. In the last twenty years, for example, civilian politicians and bureaucratic experts have increased in power relative to the military in South Korea, Thailand, Taiwan, Indonesia, the

Philippines, and China. The transition has been neither steady nor irreversible, but it has followed a clear direction. We can credit this change to many factors—the greater technical complexity of government, greater social stability, the growth of popular democracy, and, most certainly, a reduction in the level of external hostilities coinciding with the end of the Cold War. These trends also relate to the changing regional economic picture and to the cities' rising centrality. Cosmopolitan cities and national military institutions speak to such different national concerns and have played such different historical roles, that, if one is trending up in power and salience, the other is likely to be trending down. Such has been the East Asian pattern during the last half-century.

The role of the military as the national police force of last resort is still appreciated in much of East Asia, but nowhere more than in Indonesia and China. Both countries are currently undergoing extraordinary social change without the benefit of long established governmental and civil mechanisms for such adjustments. Their struggles with the place of the military have an urban and a rural component. Since Tianenmen Square, the Chinese military has not been used as an instrument of force in urban circumstances. In the Indonesian case, if we view the military activities in Aceh as geographically peripheral and largely rural in nature, then the army's focus of operations in the recent prolonged period of unrest has also been largely limited to the hinterlands. Special riot police have faced the student protests and rioters in Jakarta. The lesson to be taken from these observations is as follows. While the high command remains part of key decisions at the center in China, Indonesia, and elsewhere, the military's effectiveness as a coercive force is severely limited by the fact that urban environments—always somewhat alien and more difficult—have become even harder to negotiate as the nature of the city has changed. In the current era of relative peace, as the anticolonial past continues to recede, the military finds itself at a greater disadvantage in the popular mind and in the political arena than in the earlier part of the postwar period. The rise of cosmopolitan cities and the new perspectives on borders they are helping to create contribute to this general trend.

Balancing Acts

While nearly all East Asian governments now desire the benefits of participation in the international economy, few have demonstrated that they are fully prepared to deal with the social, cultural, and political consequences of successful opening. Many of the adjustments they face dilute or undermine the state's extensive powers. More to the point, the previous closed arrangements have been knocked off-balance in the fundamental ways outlined above.

Even in Japan today, a relatively mature capitalist country, global pressures are forcing great cultural change. The need for more foreigner workers, the outcry for institutional reforms, the saturation of popular media with nontraditional images, and the international challenges to domestic regulatory arrangements—all these pose difficult problems having to do with essentially cosmopolitan forces.⁶⁸ Patently, not all of East Asia is as inclined to cultural insularity as Japan has been, but the fact remains that state adjustments to the global system are inherently slow, incremental, and inevitably incomplete. In part, this is because the geography of the state is typically differentiated in terms of growth and its attendant changes, forcing central governments to manage from a position that seeks a shifting

compromise. The state cannot forcefully push a countrywide initiative; instead it must content itself with a gradual change. It is particularly telling to note how much more rapidly the adjustments have occurred in the city-states and smaller countries of the region, where compromises are easier. The state's inconsistent policy adjustments can never seem sufficient from the perspective of the capitalist forces at work in successful cities, yet the same reforms are destined to appear radical to many other sectors of the society. Contrast this situation with the era of state-led change from roughly 1950 to 1980, and it is easy to see how the dynamic has shifted from the state to the cosmopolitan city. If we view the central governments of large countries as consistently "off-balance" from the high rates of urban-led change, then we can understand that the state's retention of power in future developments will be critical to inventing a new balancing act for itself.

The changes considered in this paper have generated a number of compelling problems that offer potentially important new roles for the state. While an increased reliance on markets, rather than on government control, is clearly a significant feature of the general trend, other new challenges have arisen that the state alone can confront. These include:

- 1) the need for a national urban strategy to guide development;
- 2) the need to mobilize very large public resources to cope with the high costs of keeping infrastructure investment ahead of or at least commensurate with the growth rate of urban areas;
- 3) the need to adjust the geographical distribution of income to compensate for expanding inequalities of wealth between cities and rural areas;
- 4) the need to foster new public understandings that bridge the past and the present in cultural and ideological terms.

Responding effectively to these new requirements could well enhance state power in certain key areas.

Earlier in the postwar period, the initial impulse of central governments was to attempt to separate export-oriented development and prosperity from the social and cultural repercussions that such economic advances would inevitably bring. Despite the progress already achieved in loosening regulations and controls, even the governments of advanced countries like Singapore and Japan continue to confront a wide range of difficult policy issues. In China, where less than two decades ago it was hoped that special economic zones like Shenzhen would serve as buffering mechanisms to moderate the rate of change in the nation as a whole, economic opening now defines the vital aspects of every coastal Chinese city. Buffering has only worked where, as in North Korea, the national landscape has been uniformly isolated from international influence. Nor have central governments shown that they fully understand the implications of coastal urban development for such issues as internal migration, "unbalanced economic growth," local public finance, and tax structures—questions that can only be adequately addressed at the national level. Equally important is the need for something akin to a gyroscope in the realm of public meaning, a means of providing stability in a realm of powerful centripetal cultural forces. Many of these forces are manifest in the expanding conflicts between secular, internationalist, and materialist tendencies (manifest in the cosmopolitan cities) and the conservative forces of nativism and nationalism they provoke within the successful cosmopolitan cities.⁶⁹ The current era is defined central governments' capacity simultaneously to maintain global opening and

capitalist development and to manage the range of cultural reactions and tensions such economic growth will engender.

A complicating factor in this scenario is the economic, international, and urban character of the primary sources of initiative and change in this era of global opening. Central bureaucracies are slow to adjust to changes that are not governmental (whether domestic or national) in nature, and poorly equipped to respond effectively. The ideas, policies, and institutional forms with which they have governed for most of the postwar period may be outmoded, but new mechanisms develop gradually. This is not only true of the obvious places like China, but also of Japan or Korea.

One of the modern state's more conventional tasks is to organize national space equitably. There are many common means to this end, including income redistribution, infrastructure development, and public education. The state's legitimacy rests in part on the appeal of this ideal. In an era of open economics, however, central governments face the increasingly difficult job of holding together, in a single national configuration, the expanding and prosperous cities with a lagging countryside. The larger the national territory, presumably, the greater the economic and cultural disparities arising from the current forces of change. The state must manage and control this volatile pattern. As it is essentially the only mechanism for spatial balancing (given the current market tendencies to move in the opposite direction), the state's capacities and credibility are being sorely tested on this point. Governments cannot reverse the trend toward concentration of wealth, knowledge, global opportunities, communications, and media power in the successful cities, but this is not widely acknowledged. Rather, within governments and more generally, it is expected that the state will provide equity and balance. This belief, in turn, provides an opening to extend state power on two fronts: the enlarged redistribution of public resources, and national development strategy. In neither case, however, is it clear what strategies make the most long-term sense. Political expediency and bureaucratic inclination line up on one side, while market-based development theory aligns on the other.

In the widest terms, the East Asian state appears to have an extensive range of options with which to address the forces of global capitalism. It can defend its sovereign prerogatives against the incursions of outside destabilizing forces (e.g., Burma, Vietnam). It can support the forces of change—in this case coastal cities—as the preferred engines of economic advancement. It can embrace and actively attempt to lead social, cultural, and political change. It can attempt to sidestep many problems of managing spatial and cultural diversity, and decouple itself from them by decentralizing some of its authority to lower dispersed levels of government. It can arbitrate between old and new, urban and rural, in pursuit of some national balance. Each response is plausible and has been tried. Each has many versions, which can be blended to some degree in practice. What is most telling is that unstable combinations of the above options are the most common outcome. There is no proven map to the adjustment process, and a cynical view might argue that economic slowdowns provide the only relief from the tensions arising with rapid economic change. The common denominator in policy debates about this volatile mix of challenges is national leaders' claims to be pursuing some kind of balance. Lacking a road map, their reactions to the unfamiliar tend to wobble around the notion of maintaining equilibrium as a central theme.

Part of any balancing act is reform of the state apparatus itself. Changes arising from economic opening and urban transformation continually highlight outmoded and inappropriate features of central governance. This is undoubtedly most true of the former socialist states, but it is also significant everywhere.⁷⁰ In the wake of the recent Asian financial crisis,

governmental reforms have been loudly demanded throughout Southeast Asia and Korea. Reform is always in the air in China. And Japan's post-bubble problems have raised the issue of government reform there as well. The theme in all instances is one of better adjustment to global market forces and reduction of cronyism. Central bureaucrats are being blamed even for matters beyond their control, such as the industrial policy and central planning modes characteristic of state/economic relations until the late 1980s, but now fallen from favor. Any reforms that are instituted may facilitate further economic growth in the region, but liberalization and greater reliance on the market do not address many of the larger problems the successful cities continue to generate.

Each nation has its own mix of these challenges, of course, but certain basics must be observed. First, as some urban areas prosper, a degree of prosperity must be created for other parts of the country through wealth-transfer mechanisms as already noted. Cities in such areas may not be as well off, but they are magnets nonetheless for the excess farming populations of the hinterlands and therefore in need of heavy investments in transport, waste treatment, and pollution abatement. While these funds can be tied to the continued salience of rural political constituencies, other important considerations—such as political unrest and the need to moderate internal migration to the highly congested coastal areas—make them equally justifiable. The needs of the successful cities must also be considered. Their expanding populations must be accommodated with improved infrastructure and better services, especially if they are to remain attractive to international investors and talented workers. The scale of urbanization in East Asia means that government funding of projects for cities will remain a major component of budgetary realities for a long time to come. Maintaining a relatively high rate of economic growth is probably the only way to assure that adequate funds will be available to meet this virtually inevitable demand. And, aside from the very great costs of building adequate infrastructure, housing, hospitals, and schools, the economic and political choices involved will be extraordinary and the need for an overall national urban strategy patently clear. Done well, national urban policy may become an area in which the state proves itself ascendant, but the current situation is hardly encouraging.

While the state is under pressure to reduce its regulation of the economy, it is also struggling to stay on top of the wrenching changes of so-called “unbalanced” growth. A strong state can use its strength to command the necessary resources and override opposition to achieve a satisfactory degree of geographical balance. A weakening state, especially one forced to liberalize its economic controls, faces greater problems. A strong central authority balanced the benefits of growth in postwar Korea, Taiwan, and Japan, while still retaining the political loyalty of the countryside. Facing similar challenges today, the governments of China and the countries of Southeast Asia, having abandoned state-led development and beset by more powerful international pressures, are apt to respond with less confidence.

The term “unbalanced growth” may itself be a problem. East Asian growth has been rapid, one could argue, precisely because it has been unbalanced. It has concentrated where efficiency and innovation are most predictable. This seems virtually self-evident from the spatial patterns discussed in this essay. It is logical that a policy aimed at continuing high growth rates would embrace and encourage this pattern further. Rather than trying to direct or even force development into the interior and toward the less cosmopolitan and less successful cities, government policymakers would be wise to emphasize the already prosperous coastal cities. If both domestic and international private capital find the risks lower and the returns higher in such places, why should public investments be any different? Further-

more, since the successful cities are engaged in an intense regional competition for international capital, it follows that investment in a nation's front-running city or cities is in the national interest. Such are the arguments for unbalanced growth, all of which fly in the face of the spatial egalitarianism and political logic of the nation state. Add to this the general desire of planners to keep the largest cities from getting larger and their goal to promote "balance" in the national distribution of population, and it is not surprising that logically consistent national urban strategies are rare at best.

A move to decentralize authority to regions and localities—the current trend in much of developing East Asia—begs the question of how "balance" will be achieved in the future. Will an induced autonomy lead to a healthy competitiveness for the hinterlands or will it simply mark the abdication of central responsibility for the problem? As far as Thailand and Indonesia are concerned, there is reason to be skeptical. The jury is also out on the issue of decentralization for China. If it is true, as argued here, that the state's leverage for managing the economy decreases in proportion to the success of key cities in the global system, then decentralization (as opposed to a centrally managed effort at resource redistribution) is a practical response to certain large-scale problems.

"Balance" is more readily stated as a goal than it is realized in practice. Muddling through, using a *mélange* of disjointed, if not contradictory policies, typifies governments in the region. The economic and demographic choices can at least be articulated clearly, but many other matters of maintaining a national balance cannot. In the real world of cultural politics, for example, generating a sufficiently appealing new state social and cultural agenda—one that permits the center to hold in the face of the potential for growing fragmentation—is a significant challenge. The major test cases are, again, China and Indonesia, but Burma, the Philippines, and even Malaysia might not be far behind. The promise of cosmopolitan urban prosperity raises as many problems as it solves, and it has rent the postwar nation state's fabric of public appeal and legitimacy. Early indications are that cultural reactions will increase with political weakness. Calls to oppose excessive "foreign" influence, to redirect attention to rural areas, to build on traditional values, and so forth have quickly followed on the heels of the recent financial crisis. The general fragility of the new internationalism in political and popular terms became apparent as soon as some of the liabilities of open markets arose.

The pragmatic pursuit of "balance," however, requires maintenance of a high rate of economic growth. Otherwise, there will be no money to manage all the needed urban activities. Without economic progress, the popular basis of any particular government cannot be self-sustaining for long. Such realities, one would think, would call upon political leaders to restrain the perennial temptation to embrace potentially popular, but economically counterproductive inclinations. Strident nationalist postures, protective market closures, programs appealing to religious elements, allowing the demonizing of minorities and foreign influences, and other inherently antic cosmopolitan measures carry real costs in the current world. Ironically, political leaders find they must respect the very formula of high growth that gives rise to the rapid change from which so much imbalance arises. Pandora cannot be put back in her box.

To succeed in this era, it appears the state must discover and effectively articulate a new *raison d'être*, one that captures the middle ground among a set of fundamental contradictions. These include those that pit an aging nationalism against a confusing, new cosmopolitanism; an emerging urban prosperity against an impoverished countryside; dynamic global influences against a growing nostalgia for an idealized rural past; economic pragmatism

against popular pressures for more political participation,; and a fragmenting national landscape against the central government's declining capacity to reorder it. If state-building in the previous era required the construction of "imagined" national communities, then the current era needs a new construction, one that weds the increasingly cosmopolitan future to the values of the imagined past. Whether it be China's leaders toying with a renewal of Confucianism, Malaysian Prime Minister Mahatir's use of Islam to support his high-tech schemes, or King Bhumipol Adulyadej's programs for rural development and greater economic self-sufficiency in Thailand, all indicate a regionwide search for balance, mixed with reassuring displays of cultural continuity.

Concluding Comments

This essay has described a fundamental transformation in the dynamics of the East Asian region, one as great as those earlier social revolutions conducted under the banners of national independence and socialism. Like them, it is regionwide and part of a global movement. In this instance it is sustained by phenomenal economic growth and the goal of material benefit, rather than by the forces of ideology or nationalism. As cosmopolitan cities boom, money, people, ideas, and technologies shift in their direction, feeding the momentum. The aspirations of the young today are measured in terms of the opportunities the capitalist city offers. Urban advantages (e.g., higher incomes, greater social mobility, style, consumerism, and increased personal freedom) and disadvantages (e.g., poor housing, income disparity, inadequate infrastructure, pollution, cultural confusion, and rapid social change) now define the social agenda throughout the region.

While city/state differences are salient virtually everywhere, the rapid economic growth in the East Asian region, coupled with the area's postcolonial experience and particularly the state's centrality in nation-building and economic development, gives rise to distinctive tensions. The rates of economic change in East Asia from 1978 to 1997, for example, were double those of any other part of the world and virtually unprecedented historically. But economic growth alone explains very little. Where it occurs and how it translates into social, cultural, and political change is far more critical. By focusing on the successful, coastal cities, this essay has attempted to specify some of the basic consequences of economic change. The impact of global capitalism is greatest in these cities. There, it intersects with the recent nation state heritage, and the two forces reshape each another, thus engendering many of the most fundamental contradictions between them. In the language of plate tectonics, they lie in the region's major fault line.

Nor can we forget the specific historical context. It is necessary to note the relative absence of military hostilities during the last twenty years. The global economic boom has also been fundamental to the trends outlined in this paper. Increasing volumes of trade and commerce, rising returns to international investments, advances in communication and transport technology, and the relative dormancy of ideological fervor are other factors that cannot be taken for granted. Should any of these underlying conditions change, the basic dynamics would also change, and initiative could well return to the nation state.

By many measures, the leading cities of the region are as diverse as any regional set of cities could be. They are anchored in different local histories and traditions. They have entered the era of intensive industrialization and global economic opening at somewhat

different times, and by different routes. Some are now prosperous and mature, others struggle under the burdens of overwhelming population growth. Their problems with overcrowding, inadequate infrastructure, and poverty affect them to different degrees. Their ethnic mix also varies enormously. Each, in short, has its own particular vulnerabilities and strengths. Yet, in granting all of these caveats, it is clear that all are swept up in the same larger global capitalist trends. Only in those exceptional cases where the state has staunchly resisted the allure of open economics have the cities remained essentially in neutral gear.

In the West, we take for granted the crucial role of cities in the rise of modern society. Furthermore, this transformation in the West involved many centuries of institutional change. In East Asia, the changes that mark the rise of urban, cosmopolitan capitalism have telescoped radically in time. European cities played a catalytic role in the rise of capitalism, in establishing popular government, in secularizing society, and in developing industrialization. In Europe, such changes occurred in the space of centuries. In East Asia, they have occurred in decades and in a far more collective manner. This rate of change differs across the region, of course, with the century-long transformation of Japan at one end of the spectrum and cases of near-instant transformation at the other. Nor is the global system today the same as that to which the states of Europe (or Japan) adapted to in the nineteenth and early twentieth centuries. Its power to penetrate the national fabric and to influence national populations is now of a different order of magnitude.

Charles Tilly, in concluding a recent book, writes suggestively about a related shift he sees in the contemporary system of states. He writes:

The unparalleled post-1800 intervention of states and hence the increasing incentives for popular struggle to influence state personnel and policy rested on an expanded capacity to monitor, contain, seize, and redistribute resources within national territories. The relevant resources included not only goods and money but also land, natural resources, labor, technology, capital, and information. In recent years that capacity has been declining. Especially with respect to labor, capital, technology and information, international flows that baffle state power have increased enormously; the ability of European states to detect and counteract movements of illegal migrants, for example, has declined radically even as capital moves ever more freely from opportunity to opportunity, regardless of state interest. Furthermore, after several centuries in which capital and coercion converged under state command, they seem to be separating; two of the world's great commercial powers—Germany and Japan—have insignificant military forces under their own command. It therefore seems possible that consolidated states will disintegrate or at least transmute into something very different.⁷¹

This observation, made without special reference to East Asia, serves to remind us that the transformations discussed in this essay are not restricted to East Asia. Yet the expression of these changes—which reflect East Asia's pattern of economic and political change in the last half-century of state-building and opening to global capitalism—appears historically distinct, both for its compression in time, and for its sharp reversals of direction and initiative.

If we are in the early stages of this new era, the full spectrum of tensions that the intersection of cosmopolitan city and nation state will generate is greater than can be accommodated in this essay. Nor can it begin to anticipate the further changes in the region's economic geography, should competition among cities continue to be dynamic. What is

virtually certain, though, is that the issues outlined here will only gain in salience. They will shape a regionwide political agenda. By designating the city as the intervening unit between global economic change and state response, we can better grasp the nature of these fundamental shifts.⁷²

Notes

¹ The literature on cities and the contemporary global system continues to grow. For an early expression of the perspective see Saskia Sassen, *The Global City: New York, London, and Tokyo*, Princeton: Princeton University Press (1991). A recently published survey volume that includes papers on East Asia is Fu-chen Lo and Yue-man Yeung, eds. *Globalization and the World of Large Cities*, Tokyo: United Nations University Press (1998).

² See the writings of Rhoads Murphy, Mark Elvin, and William Skinner, and Frank Broeze. The seminal work of Rhoads Murphy on this aspect of East Asian history has been influential in shaping this entire essay. Particularly relevant have been his *Shanghai: Key to Modern China*, Cambridge, MA: Harvard University Press (1953); “Traditionalism and Colonialism: Changing Urban Roles in Asia”, *Journal of Asian Studies* 29 (1969) pp. 67–84; and “The Treaty Ports and China’s Modernization: What Went Wrong?” in *The Chinese City between Two Worlds*, Mark Elvin and G. William Skinner, eds. Stanford: Stanford University Press (1974). See also the more recent *Brides of the Sea: Port Cities of Asia from the 16th–20th Centuries*, Frank Broeze, ed. Honolulu: University of Hawaii Press (1989).

³ The literature is huge on this topic, especially as “globalization” has been given many meanings. The term refers not only to the expansion of trade and offshore production networks, but also to the growth of international institutions of governance; the global presence of media products, retailing brands, hotel chains, and other aspects of consumption; the rise of NGOs in international affairs; and the spread of electronic communications systems. For a selection of opinions see R. Rosencrance, “The Rise of the Virtual State”, *Foreign Affairs* 75 (1996), pp. 45–61; M. Albert and L. Brock, “Debordering the World of States: New Spaces in International Relations”, in *New Political Science* 35 (1996), pp. 69–106; P. Hirst and G. Thompson, *Globalism in Question*, Cambridge: Polity Press (1996); R. Gilpin, *The Political Economy of International Relations*, Princeton: Princeton University Press (1987); R.O. Keohane, *International Institutions and State Power: Essays in International Relations Theory*, Boulder, CO: Westview Press (1989); Michael Keating, *State and Regional Nationalism, Territorial Politics and the European State*, London: Harvester-Wheatsheaf (1988); Kenichi Ohmae, *The End of the Nation-State: The Rise of Regional Economies*, New York: The Free Press (1995); Allen J. Scott, *Regions and the World Economy: The Coming Shape of Global Production, Competition and Political Economy*, Oxford: Oxford University Press (1998); H. Spruyt, *The Sovereign State and Its Competitors*, Princeton: Princeton University Press (1994); and R. Wade, “Globalization and its Limits: Reports of the Death of the National Economy are Greatly Exaggerated”, in S. Berger and R. Dore, eds. *National Diversity and Global Capitalism*, Ithaca, NY: Cornell University Press (1998) pp. 60–88.

Regional analyses that contrast with state-based perceptions have also been growing of late and have considerable relevance to this discussion. In this regard, see Michael Keating, *The New Regionalism in Western Europe: Territorial Restructuring and Political Change*, Cheltenham, UK: Edward Elgar (1998); Michael Stoper, *The Regional World: Territorial Development and a Global Economy*, New York: Guilford (1997); and Allen J. Scott, *Regions and the World Economy: The Coming Shape of Global Production, Competition, and Political Order*, Oxford: Oxford University Press (1998).

⁴This list is not exhaustive. Many other cities could be included for one reason or another, but a number seem less central at this point in time. Kuala Lumpur comes immediately to mind. Other coastal cities such as Ho Chi Min City, Rangoon, Kaohsiung, Fuzhou, Dailan, Qingdao, Pusan, and Fujien/Xiamen are emerging or could emerge as secondary players in the present configuration. Kobe is treated here as part of the Osaka metropolitan region.

⁵Discussions with officials of the Hong Kong Port Administration, December 1998.

⁶Peter J. Rimmer has published extensively on the movement of sea and air cargo and on air passenger developments in the region. See, for example, his “International Transport and Communications Interactions between Pacific Asia’s Emerging World Cities”, in Fu-chen Lo and Yue-man Yeung, eds. *Emerging World Cities in Pacific Asia*, Tokyo: United Nations Press (1996) pp. 48–100; “Moving Goods, People, and Information: Putting the ASEAN Mega-Urban Regions in Context”, in T.E. McGee and Ira Robinson, eds. *The Mega-Urban Regions of Southeast Asia*, Vancouver: UBC Press (1995), pp. 150–75; and “Transport and Telecommunications among World Cities”, in Fu-chen Lo and Yue-man Yeung, eds. (1998), pp. 433–70.

⁷Malaysia provides an interesting exception to the pattern of a single city dominating FDI. Penang rivals Kuala Lumpur in this regard.

⁸This set of trends is perhaps most striking in East Asia, but it is hardly limited to that part of the world. See, for example, D. Morton and K Robins, *Spaces of Identity, Global Media, Electronic Landscapes and Cultural Boundaries*, London: Routledge (1995), and David Clark, *Urban World/Global City*, London: Routledge (1996).

⁹Claims of peasant revolutions and rural insurgencies to the contrary, the countryside has never been a major source of change. The Maoist efforts in China aimed to make the agricultural population the country’s leading or dynamic social element never succeeded. Similarly, if we look closely at the extended era of East Asian nationalist and revolutionary activity, we find that it was led almost everywhere by a city-bred élite.

¹⁰A great deal of recent attention in anthropology has been given to the many facets of developing a cosmopolitan city. See, for example, Arjun Appadurai, “Disjuncture and Difference in the Global Cultural Economy”, *Public Culture* vol. 2, no. 2 (1990), pp. 1–24; “Patriotism and its Future”, *Public Culture* vol. 5, no. 3 (1993), pp. 411–29; and Akil Gupta and James Ferguson, “Beyond ‘Culture’: Space, Identity, and the Politics of Difference”, *Cultural Anthropology* vol.7, no. 1 (1992), pp. 6–23.

¹¹ See, for example, Rhoads Murphy (1953).

¹² This rough generalization is based on data from the key cities under study in this essay. I have examined measures of concentration (that is, the percentage of X or Y located in a key city compared to the national total) for a wide range of diverse items including international telecommunications, foreign residents, air cargo, and international banking transactions. The degree of concentration of such activities varies from country to country. Japan, for example, has the greatest geographic dispersal of international activities, whereas Korea and Thailand have the most concentrated. Japan and China have a number of very important cities in this regard, whereas the dominance of a single city in international dealings is characteristic of Korea, Thailand, Taiwan, the Philippines, and Indonesia.

Export-oriented manufacturing is the most problematic component of this generalization, because it is the most geographically dispersed. A significant proportion of manufacturing is now being located or relocated outside urban core areas to these cities' still expanding peri-urban regions (which may or may not be administratively part of an official metropolitan region). Such factories, however, depend heavily on the transport systems, business services, and headquarters functions of the core cities to which they are appended.

¹³ On the China case, see You-tien Hsing, *Making Capitalism in China: The Taiwan Connection*, Oxford: Oxford University Press (1998). Chapter 2 provides a helpful discussion of the regional and urban/rural differences in FDI, per capita income, and other critical measures of the pattern of export-led industrialization and its spatial impact. See also Shang-jin Wei, "Open Door Policy and China's Rapid Growth: Evidence from City-Level Data", San Francisco: Federal Reserve Bank of San Francisco Working Paper, No. PB93-09.

¹⁴ See Rimmer, "International Transport and Communications Interactions between Pacific Asia's Emerging World Cities", in Fu-chen Lo and Yue-man Yeung, eds. (1996) pp. 48–100; "Moving Goods, People, and Information: Putting the ASEAN Mega-Urban Regions in Context", in T.E. McGee and Ira Robinson, eds. *The Mega-Urban Regions of Southeast Asia*, Vancouver: UBC Press (1995), pp. 150–75; and "Transport and Telecommunications among World Cities", in Fu-chen Lo and Yue-man Yeung, eds. (1998), pp. 433–70.

¹⁵ International telecommunications data on East Asia appears in a number of statistical compilations, of which the leading sources are the International Telecommunication Union (Geneva, Switzerland), the World Bank (Washington, D.C.), Telegeography, Inc. (Washington, D.C.), AT&T (New York), and statistical reports from individual national ministries. These sources center on telephonic communication. Thus, while problems arise from new technologies such as satellite transmission systems, the larger trends and the place of cities in the regional and global pattern is relatively easy to discern. First, the rates of growth of international phone traffic in East Asia have been the highest in the world in the past two decades. Second, access to telephone lines is much higher for urban than rural dwellers in the developing countries of the region. Third, international phone traffic between urban areas linked by economic ties—such as between Taiwan, Shenzhen, and Xiamen, between Hong Kong and London, or between Tokyo and Bangkok—stand out clearly. Finally, in Korea, Seoul accounts for the overwhelming majority of phone calls overseas.

¹⁶ In addition to Peter J. Rimmer's work, the Boeing Company publishes a useful annual survey of world air traffic and related developments.

¹⁷ On the pattern of direct investments in the region, see C.H. Kwan, *Economic Interdependence in the Asia-Pacific Region*, London: Routledge (1994). The data on this and on business activity have been collected in a notable piece by Hiroo Ochi, entitled "The Environment for Locating Business Operations in Major East Asian Cities", Report No. 65, The Asian Development Bank, January 1997.

¹⁸ Data on foreign residents and visitors is generally available from official city sources and indicates a preponderance of business expatriates in the leading cities under discussion—especially Singapore, Hong Kong, and Tokyo. In Korea and Thailand, about nine-tenths are located in each country's key city. The only significant exceptions to the rule that foreigners live in the largest city tend to be missionaries and employees of natural resource extraction companies. Since universities in East Asia cluster in the same leading cities, the likelihood that academic exchange occurs there is also quite high.

¹⁹ Maps of available fiber optic cable routes show strong international linkages between the leading cities of the region and also illustrate the role of cities as hubs for less extensive domestic networks. See Rimmer (1996).

²⁰ While this exercise in redrawing the map of East Asia is largely heuristic, it has many ramifications when viewed as part of the larger geopolitical picture. For example, in the late nineteenth century, there was considerable imperial interest in controlling Central Asia's high ground and strategic passes, because they were deemed critical to controlling the Eurasian heartland (see, for example, Peter Hopkirk's *The Great Game: On Secret Service in High Asia*, London: John Murray (1990)). Natural resources, railroads, and military mobility made the heartland important. All three have since diminished in importance, of course, and the rise of maritime Asia as the center of economic growth has made this colonial era preoccupation seem terribly antiquated. Today, one productive port city is worth thousands of square miles of inner-Asian territory.

²¹ Any number of books and articles offer evidence of this relationship. See especially Willem Van Kemenade, *China, Hong Kong, Taiwan, Inc.*, New York: Alfred A. Knopf (1997).

²² This assertion is also an estimate. Hong Kong clearly dominates the international economic activity of southern China, one of the largest and most prosperous regions in terms of export-oriented development. Broken down into various kinds of activities, the data show Hong Kong to be 1) the largest foreign investor in China, with over 50 percent of the approved deals; 2) a port processing one-third of the country's exports; 3) a location for the international listing of many of China's largest firms and for some government ministries' bond issues; and 4) a major investor in mainland infrastructure projects, land development projects, retailing, and financial services. Sixty percent of China's overseas phone traffic goes through Hong Kong.

²³ See Gun Young Lee and Hyun Sik Kim, eds. *Cities and Nation: Planning Issues and Policies of Korea*, Seoul: Korean Research Institute for Human Settlements (1995).

²⁴ Until the eighteenth century, there were two general patterns in Southeast Asia, one coastal/commercial and the other agricultural/interior. See Victor Lieberman, “An Age of Commerce in Southeast Asia? Problems of Regional Coherence—A Review Article”, *The Journal of Asian Studies* vol. 54, no. 3 (August 1995), pp. 797–807. In Japan, Kyoto was an interior capital for a thousand years and even Edo was located on the largest rice plain in the country. China has never had a coastal capital, but proximity by river or canal has at times been important. In the Thai and Cambodian cases, the succession of capitals gradually moved coastward. Smaller kingdoms like Shan, Tibet, and Lanna were almost entirely agricultural. On the other hand, the proximity of the sea to all of Japan, Indonesia, and Vietnam make the geographic distinctions pursued in this section far messier and less dichotomous.

²⁵ In addition to the previously cited works by Rhoads Murphy and Frank Broeze, see also Anthony Reid, ed. *Southeast Asia in the Early Modern Era: Trade, Power, and Belief*, Ithaca: Cornell University Press (1993); K.N. Chanduri, *Trade and Civilization in the Indian Ocean: An Economic History from the Rise of Islam to 1750*, Cambridge: Cambridge University Press (1985); and Linda Norene Shaffer, *Maritime Southeast Asia to 1500*, Armonk, NY: M.E. Sharpe (1996). Victor Lieberman (1995) is also relevant here, particularly to the focus on maritime commerce in Southeast Asia.

²⁶ Interestingly, Japan is still viewed as relatively closed by international standards.

²⁷ The literature on state-led development and industrial policy in East Asia is large. For a sample, see Alice H. Amsden, *Asia's Next Giant: South Korea and Late Industrialization*, New York: Oxford University Press (1989); John Fei, Shirley W. Y. Kuo, and Gustav Ranis, *The Taiwan Success Story: Rapid Growth with Improved Distribution in the Republic of China, 1952–1979*, Boulder, CO: Westview Press (1981); Ryutaro Komiya, Masahiro Okuno, and Kotaro Suzumura, eds. *Industrial Policy of Japan*, New York: Academic Press (1988); and the many papers for the World Bank's study entitled *The East Asian Miracle: Economic Growth and Public Policy*, Oxford: Oxford University Press (1993).

²⁸ In this regard, see especially the essay by Gary G. Hamilton entitled “Hong Kong and the Rise of Capitalism in Asia”, in Gary G. Hamilton, ed., *Cosmopolitan Capitalists: Hong Kong and the Chinese Diaspora at the End of the Twentieth Century*, Seattle: University of Washington Press (1999).

²⁹ Many of the leading cities of East Asia are national capitals (e.g., Tokyo, Seoul, Beijing, Bangkok, Manila, Jakarta, and Kuala Lumpur), and can be analyzed as such, but in today's East Asia they are more important as economic centers. Their similarities with cities that are not seats of government (e.g., Osaka, Shanghai, Hong Kong, and Tianjin) are interesting. This is not to dismiss the fact that a national capital benefits economically from being the seat of government and the center of public and symbolic affairs. One finds that many of the region's major cities arose as transport hubs (e.g., Beijing at the terminus of the silk road, Osaka at the head of the Inland Sea, and Shanghai at the mouth of the Yangtze). Nevertheless, whatever their place in earlier trading systems, the region's leading cities are no longer primarily dependent on transport for their continued existence.

³⁰ See in particular J. Vernon Henderson, *Urban Development—Theory, Fact, and Illusion*, New York: Oxford University Press (1985).

³¹ The notion is hardly a new one. See H. Molotch, “The City as a Growth Machine”, in *American Sociological Review* vol. 82 (1975), pp. 226–38, and Jane J. Jacobs, *The Economy of Cities*, New York: Random House (1969). Between regional studies and such topics as the economics of agglomeration, the role of economically dense locations is receiving increased attention.

³² For examples of this view, see the following: Paul M. Hohenberg and Lynn Hollen Lees, *The Making of Urban Europe, 1000–1994*, Cambridge, MA: Harvard University Press (1995); Charles Tilly, *Coercion, Capital, and European States*, London: Blackwell (1990); Charles Tilly and Wim P. Blockmans, eds. *Cities and the Rise of States in Europe A.D. 1000 to 1800*, Boulder: Westview (1994); Joel Mokyr, “Urbanization, Technological Progress, and Economic History”, in H. Giersch, ed. *Urban Agglomeration and Economic Growth*, Berlin: Springer (1995) pp. 1–37; and David Ringrose, *Madrid and the Spanish Economy: 1560–1850*, Berkeley: University of California Press (1983).

³³ See Tilly (1990).

³⁴ See Tilly (1990), pp. 52–3.

³⁵ Benedict Anderson, *Imagined Communities: Reflections on the Origins and Spread of Nationalism*, London: Verso (1983) and Eric Hobsbawm and T. Ranger, eds. *The Invention of Tradition*, Cambridge: Cambridge University Press (1983) are seminal in the literature on state-created nationalism. A particularly helpful essay that articulates the cosmopolitan environment of cities in East Asia is James Clifford’s “Sites of Crossing: Borders and Diasporas in Late 20th Century Expressive Culture”, *Cultural Currents*, Honolulu: East West Center, no.1, (January 1993). Much of the current writing by cultural anthropologists in the region now focuses on issues of intersecting cultural streams, eclecticism, and syncretism in popular culture and subnational diversity in general. While not limited to cities, there is a marked, if unacknowledged focus on urban populations, especially those in the cities we consider here. In this regard, see also Aiwa Ong and Donald Nonini, eds. *Underground Empires: The Cultural Politics of Modern Chinese Transnationalism*, New York: Routledge (1997).

³⁶ Most of this section derives from discussions with officials, scholars, and business executives in the following cities: Tokyo, Seoul, Taipei, Shanghai, Hong Kong, Guangdong, Bangkok, Manila, and Kuala Lumpur. Discussions with James Raphael, Douglas Webster, Mike Douglass, and many others interested in the impact of global economics on East Asian cities also played a key role.

³⁷ One of the best books discussing Hong Kong’s development is concerned is Michael J. Enright, et al., *The Hong Kong Advantage*, Hong Kong: Oxford University Press (1997). See also Stephen W.K. Chiu, K.C. Ho, and Tai-Lok Liu, *City-States in the Global Economy: Industrial Restructuring in Hong Kong and Singapore*, Boulder, CO: Westview (1997).

³⁸ Visits to all the cities discussed in this essay, as well as discussions with officials and private-sector representatives, confirmed this competitive awareness.

³⁹ See Royston Brockman and Allan Williams, eds. *Urban Infrastructure Finance*, Manila: Asian Development Bank (1996). While they are more focused on such projects as water, sewage treatment, transport, and the like, they estimate that developing Asia's cities will require \$6.9 trillion over the next twenty-five years or \$24 billion per year. Not surprisingly, China has the largest requirements. See also Roy W. Bahl and Johannes F. Linn, *Urban Public Finance in Developing Countries*, Oxford: Oxford University Press (1992).

⁴⁰ See Weiping Wu, "Economic Competition and Resources Mobilization", in Michael A. Cohen et al. eds. *Preparing for the Future: Global Pressures and Local Forces*, Baltimore: Johns Hopkins University Press (1996).

⁴¹ On the other hand, it is typically cities that wish to limit permanent residency for unskilled workers. In an ideal world, cities would admit talent, temporarily use the low-cost/low-skilled workers, and assume obligations only to those who can pay for services. This is approximately the current situation in Singapore, and not dissimilar from the Hong Kong case. Shanghai would like to do the same. The Tokyo region's needs for migrant labor from abroad currently outpaces the national bureaucracy's capacity to cope with the growing flow.

⁴² For an account of Shanghai attempting to revive its pre-Communist status, see "Economic Focus in Shanghai: Catching Up", *New York Times* (December 22, 1993). A far more extended treatment is Y. M. Yeung and Yun-wing Sung, eds. *Shanghai: Transformation and Modernization under China's Open Door*, Hong Kong: The Chinese University of Hong Kong Press (1996). See also Shahid Yusef and Weiping Wu, *The Dynamics of Growth in Three Chinese Cities*, Oxford: Oxford University Press (1997), and Yue-man Yeung and Xu-wei Hu, eds. *China's Coastal Cities: Catalysts for Modernization*, Honolulu: University of Hawaii Press (1992).

⁴³ The most comprehensive account of business networks belonging to overseas Chinese comes from the East Asia Analytical Unit of the Australian Department of Foreign Affairs and Trade. See *Overseas Chinese Business Networks in Asia*, Canberra (1995). Of further interest for regional investment are Jane Khanna, ed. *Southern China, Hong Kong, and Taiwan: Evolution of a Subregional Economy*, Washington: The Center for Strategic and International Affairs (1995); Gary G. Hamilton (1999) and Yuetien Hsing (1998). The literature on the Chinese as ethnic minorities in Southeast Asian societies is too extensive to cite, but see, for example, Ruth McVey, ed., *Southeast Asian Capitalists*, Ithaca, NY: Cornell University Press (1993).

⁴⁴ There are, of course, many opportunities for factories to be located at a distance from such cities. As a rule, the more standardized and routine the kind of manufacturing, the further afield the factory can locate, and the less important the inputs in which cities specialize (and charge dearly for). Once reliable transportation is assured and crude requirements like power and water met, the lower labor and land costs of a rural or inland location become attractive for such industries. The original idea- and deal-making will probably have developed in a city, and

the financing, transport, marketing, and other ancillary activities are likely to remain tied these as well, but the actual production may occur at a considerable distance.

The requirements of each industry, however, are different. Product cycles, supplier relations, time-to-market pressures, rates of process evolution, and so forth make many locations inappropriate despite low labor costs. Garments and electronics are very different, for example, and within the garment industry there is a great distinction between fashion-oriented and standard clothing. It is interesting to note that, as technology evolves at faster rates, as consumer product cycles accelerate, and as inventory and other costs rise, simple land and labor cost savings decline in importance relative to other considerations. Production processes are decreasingly static, while increasing premiums are being placed on flexibility, quality, and learning. These in turn give prominence to other considerations such as the spillover effects of being part of an industrial cluster, or the relative ease of moving parts, or the nearby existence of special training institutes. Factory locations do not generally spread out evenly over a landscape, but gather around the periphery of large metropolitan centers, the more so the higher the technological content and linkage to the global market.

⁴⁵ On the economic growth of Shenzhen and the entire Pearl River Delta, see Yun-Wing Sun, Pak-Wai Liu, Yue-Chim Richard Wong, and Pui-King Lau, *The Fifth Dragon: The Emergence of the Pearl River Delta*, Singapore: Addison Wesley (1995), and You-tein Hsing, *Making Capitalism in China: The Taiwan Connection*, New York: Oxford University Press (1998).

⁴⁶ Many of the insights about the new economic regionalism offered in this essay have been proposed by others. Some of the more seminal statements on the topic of Asian economic dynamics are Kenichi Ohmae's *The Borderless World: Power and Strategy in the Interlinked Economy*, New York: HarperCollins (1990), and Edward Chen and H.C. Kwan, eds. *Borderless Economy: The Emergence of Sub-regional Zones*, St. Leonards, Australia: Allen Unwin (1997). The literature on growth triangles and growth corridors is also relevant. In this regard, see for example, Sang-cheul Choe, "Urban Corridors in Pacific Asia", in Fu-chen Lo and Yue-man Yeung, eds. (1998).

⁴⁷ See most recent United Nations estimates, United Nations Center for Human Settlements, *An Urbanizing World: Global Report on Human Settlements 1996*, Oxford: Oxford University Press (1996). Observations based on ongoing research by the author, Douglas Webster, and James Raphael in the "peri-urban" areas of Manila, Bangkok, Shanghai, Beijing, and Chengdu, supported by funding from the Ford Foundation and the World Bank.

⁴⁸ See, for example, T.G. McGee and Ira Robinson, *The Mega-Urban Regions of Southeast Asia*, Vancouver: UBC Press (1995), pp. 78–107, and United Nations–ESCAP, *The State of Urbanization in Asia and the Pacific*, Oxford: Oxford University Press (1993).

⁴⁹ The Chinese *houkou* system comes immediately to mind here as an example.

⁵⁰ Douglas Webster, unpublished paper for the World Bank. See also McGee and Robinson (1995); Norton Ginsburg et al. eds. *The Extended Metropolis: Settlement Transition in Asia*; Honolulu: University of Hawaii Press (1991); and Thomas P. Rohlen, "Hong Kong and the Pearl River Delta: 'One System, Two Countries' in the Emerging Metropolitan Context", Working Paper, Asia/Pacific Research Center, July 2000.

⁵¹ Author's visit to Guangdong province, December 1998.

⁵² Van Kemenade (1997).

⁵³ The work of the French urban economist Remy Prud'homme is of particular interest here. See, for example, his "Patterns and Prospects for China's Urbanization Strategy" in State Development Planning Commission, unpublished draft, 2000.

⁵⁴ Reports on Asian urban policy from both institutions now regularly refer to the task of capacity-building in metropolitan government, a task whose place on the priority lists continues to rise. In this regard, see Jeffry Stubbs and Giles Clark, eds. *Megacity Management in the Asia-Pacific Region*, Manila: Asian Development Bank (1996), and Jurgen Ruland, ed. *The Dynamics of Metropolitan Management in Southeast Asia*, Singapore: Institute of Southeast Asian Studies (1996).

⁵⁵ The Singapore government endeavors to raise a kind of Singaporean nationalist sentiment and loyalty in its population, but such efforts appear slightly ludicrous, more reflective of the aging city leaderships' past experiences with Malaysian hostility to Singapore than of the present situation.

⁵⁶ Two articles in *Foreign Affairs* address the issue of governmental control in the face of changing technology. They are Michael W. Blummenthal's "The World Economy and Technological Change", vol. 66, no. 3 (1988), pp. 529–50, and Walter Wriston's "Technology and Sovereignty", vol. 67, no. 2 (1989), pp. 63–75.

⁵⁷ For a discussion of this phenomenon, see Richard Robinson and S. G. Goodman, eds. *The New Rich in Asia: Mobile Phones, McDonalds and Middle-Class Revolution*, London: Routledge (1996), and also Michael Pinches, ed. *Culture and Privilege in Capitalist Asia*, London: Routledge (1999).

⁵⁸ Kyoto University and Bandung Institute of Technology come to mind as exceptions.

⁵⁹ Even Singapore is struggling with matters of the Internet and the free flow of information, as it seeks to add high tech and venture capital to its portfolio of basic industries. The city is clearly discovering that it cannot separate such economic goals from their consequences in the realm of public information flows.

⁶⁰ See Jessica Mathews, "Power Shift", *Foreign Affairs* (Jan.–Feb. 1997), pp. 50–66.

⁶¹ Not always, of course, as the prominence role of oil and other commodities in Indonesia or lumber in Burma illustrate.

⁶² Representative spokespeople for this perspective are Kuan Yew Lee of Singapore and Prime Minister Mahatir bin Mohamad of Malaysia, but the Chinese, Vietnamese, and Burmese leadership would clearly agree. Many pundits in Japan favoring the idea of Asian exceptionalism also fall into this category.

⁶³ See also Henry S. Rowen, “The Growth of Freedoms in China”, Working Paper, Asia/Pacific Research Center, April 2001, for an argument that prosperity and liberalization in China initiate a course toward democracy that is steady and measurable, if also a matter of decades rather than abrupt shifts.

⁶⁴ A useful comparison of the two city-states is Stephen W.K. Chu, et al. *City-States in the Global Economy: Industrial Restructuring in Hong Kong and Singapore*, Boulder, CO: Westview (1997). For additional material on Singapore, see Gavin Prebbles and Peter Wilson, *The Singapore Economy* Cheltenham, UK: Edward Elgar (1996), and W.G. Huff, *Economic Growth in Singapore: Trade and Development in the Twentieth Century*, Cambridge: Cambridge University Press (1994).

⁶⁵ On Hong Kong, see especially Michael J. Enright (1997). Also useful are Suzanne Berger and Richard K. Lester, eds. *Made in Hong Kong*, Hong Kong: Oxford University Press (1997). On the Pearl River Delta, see Yun-Wing Sung et al. (1993).

⁶⁶ There are now many studies of Shenzhen, but the first and still among the best is Ezra Vogel’s *One Step Ahead in China: Guangdong under Reform*, Cambridge, MA: Harvard University Press (1991). Among the other valuable contributions to our understanding of the Pearl River Delta area are Yun-Wing Sung et al. (1996); Reginald Yin-Wang Kwok and Alvin Y. So, eds. *The Hong Kong–Guangdong Link: Partnership in Flux*, Armonk, NY: M.E. Sharpe (1995); and Shahid Yusuf and Weiping Wu, *The Dynamics of Urban Growth in Three Chinese Cities*, Oxford: Oxford University Press (1997).

⁶⁷ Tilly (1990).

⁶⁸ In the Japan case, the cultural gap between city and hinterland is not great. Global pressures and influence are distributed far beyond the central metropolitan regions. Foreign workers, for example, can be found in rural factories in nearly all parts of the country. The impact of media is almost uniform across the landscape, and consumerism is no longer exclusively an urban phenomenon.

⁶⁹ Also central to the conventional logic is a portrait of the urban/rural gap. Invariably overdrawn, but also invariably real to a significant degree, the differences between countryside and city are crucial to any broad interpretation of the dynamics of East Asia today. The reasons are complex and have already been discussed at some length, but they boil down to rapid historical shift that is not merely political, economic, cultural, or social, but comprehensive and inclusive in its magnitude. One can quibble with the details in any portrait of urban/rural differences (such as how the spread of television has made farmers as cosmopolitan as city dwellers, or how close-knit urban neighborhoods can be compared to traditional villages), but the overall scale and impact of such a shift cannot be denied.

⁷⁰ Hong Kong would be the one possible exception.

⁷¹ Tilly, “Entanglements of European Cities and States”, in Tilly and Blockmans, eds. (1994), p. 26.

⁷² Viewing the network of cosmopolitan cities in maritime East Asia as analogous to the Mediterranean urban system of the premodern past might also help us to think about the structure and dynamics of the region without exclusive reliance on a state-based model.

The premodern history of the Mediterranean was one of trade, of cosmopolitan cultural fluidity, of intense rivalries among coastal cities, and of a vulnerability of the entire system to external, especially military, disruption. With historical hindsight, we can readily appreciate the impermanence of commercial advantage in the Mediterranean world. The list of once dominant cities that today are tourist backwaters—Naples, Cordoba, Carthage, Alexandria, Athens, Genoa and Venice—is sobering. Civil war has brought Beirut to its knees. The Mongolian and Islamic empires and the withdrawal of Chinese participation during the Ming Dynasty all greatly reduced the level of trading activity in the Mediterranean. We can therefore see how vulnerable a commercial system can be. By comparison, the military advance of Rome was far less disruptive of the system's commercial foundations. A hegemon that supported the trading system, Rome actually *brought* prosperity to many cities of its empire. Can we speculate about similar general possibilities affecting East Asia's current system of interurban capitalism?

The region's "Mediterranean" pattern may be in its ascendancy at the moment, but this is no guarantee that it will not be challenged in fundamental ways. First, the potential for armed conflict has hardly disappeared. Inter-state conflicts and the possibilities for devolution of national systems cannot be denied. Given the first eighty years of the twentieth century, the last two decades seem notably benign. And what of the return to greatness of the continental powers? Either (or both) China and India could develop sufficiently in the next century to dominate East Asia in commercial and military terms.

A Sinocentric pattern could also return gradually. As China again emerges as the region's giant, a number of profound questions will arise. First, will China's growth continue to be based primarily in its coastal regions, or will political priorities shift the loci of development progressively inland? Rhoads Murphy cogently argued that however much China's port cities prospered in the nineteenth and early twentieth centuries, and were the entering wedge of social change for China at that time, their ultimate influence was limited. China was so large and the weight of its vast agricultural interior was simply too great to be moved by the developments in a handful of coastal locations on what remained the periphery of the nation.

All of China's coastal cities nonetheless harbor great ambitions. The proliferation of special export and development zones is stunning. Will China's private enterprise be increasingly organized by the leading coastal cities? If the answer appears to be "yes", then we are also describing a future East Asia in which the cosmopolitan city mode will continue to rise.

Finally, will Vietnam climb up from, or North Korea step on to the lowest rungs of the ladder of export-led growth, thus entering Ho Chi Min City or Pyongyang as players in the game? It appears that the many such prospects around East Asia will keep the region well supplied with new low-cost production sites and growing consumer markets. The dynamic of economic opening has by no means run its course for potentially emerging cities such as these.

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