

**China and the spatial economy of the reforms:
Understanding Topocracy and the ‘Local Developmental State’**

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Abstract

China's economic growth during more than two decades of reforms can only be understood in the context of decentralisation: the devolution of economic power to ‘localities’, and the parallel change in relations between the central government and lower levels of the administrative hierarchy. This shift has resulted in many economic phenomena that have been extensively analysed, including unequal regional development, local protectionism, and various forms of local initiatives and central attempts to instigate horizontal collaboration. Yet much less attention seems to have been given to the crucial role played by ‘localities’ as political-economic entities in these processes. The way in which power has (through political inertia and ‘inheritance’) been acquired by localities (involving all entities from provinces down to townships and villages) and utilized for localized economic activity is a key feature of the reforms. It distinguishes China from other reform and transition economies, and suggests a unique spatial-political-economic form of change. Crucial to it is the function of the administrative boundary, as a way of limiting the responsibility, liability and loyalty of local authorities, and the way it forms a spatial economic system in which territorial control of economic activity is paramount. This ‘bounded local development’ is conceptualised as ‘Topocracy’, a term which captures the significance of the coalescence of priority for economic growth with political-administrative power. This paper examines the implications of this type of power as it has emerged in the past twenty years, and argues that even if it is now being eroded and transformed, the next phase can only be understood on the basis of the context and framework that it has already established for relations between different levels of the hierarchy, and between the communist party at the centre and the people and officials at lower levels.