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Mega-events, Local Economies, and Global Status: What Happened before the 2008 Olympics in Beijing and the 2010 World Expo in Shanghai

Jian Sun and Lin Ye

Abstract: Mega-events such as the World Cup and the Olympics have been used for economic development, urban transformation and global status enhancement. Beijing and Shanghai embraced these purposes when they won the bids for the 2008 Olympics and the 2010 World Expo respectively. This article examines the pre-event economic changes in Beijing and Shanghai that are associated with their pursuit of mega-events. Changes in a group of economic indicators are tracked from 1997 to 2006. It was found that after winning the bids for the Olympics and the World Expo, Beijing and Shanghai experienced greater growth in construction and tourism, a speeding-up in economic development and restructuring, and an improvement in physical infrastructure. However, the enhancement of global exposure was not accompanied by growth in foreign trade and in the finance, insurance and real estate (FIRE) industries. The empirical analyses place the mega-events in large economic contexts and provide a base for future post-event studies.

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Keywords: China, mega-events, economic restructuring, global status

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Introduction

Many Western cities have been using mega-events as a strategy for stimulating local economic growth.¹ This is particularly the case because the economies in Western cities have transformed from being dominated by industrial production to being consumption economies that are characterized by producer services and professional firms, and so the mega-event strategy has been used to gain recognition and enhance competitive advantages on the global stage. Mega-events include national sporting events such as professional baseball, basketball and American football games in the United States of America, as well as global events like international conferences, the Olympics, the (football) World Cup and world exhibitions. Cities in both developed and developing nations compete for these high-profile events as a major strategy in their development agenda. Mega-events were often used as accelerators of host cities' economies and urban development (Broudehoux 2007; Essex and Chalkley 2004a, 2004b).

China has experienced rapid economic growth since the country adopted a series of economic reform policies in the late 1970s. With its economic expansion, China has also become more and more active in the international arena. Major cities are China's leading actors on the global stage, and they have tried to use mega-events to enhance their national and international image and prestige – as well as their economic status. Beijing and Shanghai are two of the most eminent Chinese cities in the competition for global mega-events. Beijing won the bid to host the 2008 Olympic Games in 2001, and in 2002 Shanghai won the bid to host the 2010 World Expo. In preparation for the mega-events, Beijing and Shanghai adopted the strategies used by their Western counterparts to promote economic restructuring, improve global images and develop urban infrastructure.

Although mega-events like the Olympics and the World Expo are probably one-off events for host cities, at least within the foreseeable future thereafter, with some transitory benefits for infrastructural development and tourism, the large-scale investment associated with mega-events brings changes not only in sporting domains but also in economic, infrastructural, political, social and even ecological ones (An-

1 An earlier version of this article was presented at the 2008 ACSP–AESOP Joint Conference, held in Chicago. This research was supported by a research start-up grant from Sun Yat-sen University's "Hundred Talent Program".

dranovich, Burbank, and Heying 2001; Gratton, Shibli, and Coleman 2006; Preuss 2004). These changes could be perennial and substantial.

This article conducts an extensive scan of the economic changes in Beijing and Shanghai that occurred both before and after they won the bids for the 2008 Olympics and the 2010 World Expo respectively. The changes under examination were definitely intended by both cities. The analyses in this article will not only reveal whether the developmental agendas adopted by both cities before the events were achieved, but will also place the mega-events in large economic contexts. Furthermore, the examination sheds some further light on what may possibly happen when cities in a developing country with a rising economic status prepare for the staging of mega-events.

The remainder of this article is organized as follows. It begins by reviewing the use of mega-events by Western cities, particularly in the United States of America, and then asks if Beijing's and Shanghai's pursuits of mega-events differ. The article then examines a group of economic indicators in Beijing and Shanghai along a ten-year time span before and after they won the bids of the Olympic Games and the World Expo respectively, as compared with national averages and those of the developed coastal region of eastern China. This article concludes by discussing the implications from these data analyses.

Multi-purpose Mega-events

American cities have long been using showcase events to attract businesses, residents and tourists. One common strategy is to build sports facilities that attract and retain professional sports teams. The rationale cited by business leaders and politicians often includes spurring the local economy and improving the quality of community life (Andranovich, Burbank, and Heying 2001; Gratton, Shibli, and Coleman 2006; Siegfried and Zimbalist 2006). However, the reasons for pursuing mega-events are more complex than what business leaders and politicians have claimed. In recent history such efforts have had to do with both economic transformation and public policies.

After World War II, the domestic economy experienced a deindustrialization process in the U.S. just like in other industrialized countries. Many old industrial centres lost their traditional manufacturing industries. The traditional production-based economy was replaced by a consumption-based economy, which is supported by consumer products,

producer services and tourism. Many cities tried to restructure their economies by developing their downtowns into centres of commercial consumption, corporate headquarters, entertainment, performance and producer service firms. One of the strategies to this end was to build sports facilities in downtown areas, in order to attract professional sports teams and major events. Mega-events were used as important tools to attract investment, promote tourism and facilitate urban redevelopment, although their effectiveness has always been contestable (Broudehoux 2007; Burbank, Andranovich, and Heying 2002; Essex and Chalkley 2004a).

The declining industrial economies in many American cities were further aggravated by the federal retrenchment of the 1980s. Before the Reagan Administration, local economic development had been assisted by federal funds. The Great Society programs in the 1960s provided cities with federal grants for urban development and social programs, as did block grants in the 1970s. Republican leadership under President Reagan replaced federal money with a privatization ideology. The tremendous cuts in federal funding in the 1980s, together with the devastating situation caused by economic restructuring, forced many cities to turn to more entrepreneurial and risky development strategies, such as the reliance on public-private partnership to finance large-scale facilities and the hiring of quasi-public agencies to manage major capital investment (Clark and Gaile 1998; Essex and Chalkley 2004a). Economic transformation and federal retrenchment took place in the larger context of the global economy. Deindustrialization in the U.S. and in European cities resulted from the dispersal of economic activities, and especially the dispersal of industrial production across the globe. Such a scattering caused an expansion of central control functions and the growth of firms serving those functions.

In opposition to the dispersal trend of production, the central control functions and the producer services became concentrated in those so-called global cities (world cities), such as London, New York, Paris, and Tokyo (Castells 2000; Friedmann 1986; Sassen 2001; Savitch and Kantor 2002). These global cities not only have robust post-industrial economies, but also enjoy the global recognition of their economic success. Hosting global events such as the Olympics, the World Cup and the World Expo is deemed to catalyze new development, attract investment and enhance the global visibility of the host city (Broudehoux 2007). Cities now perceive staging global events such as the Olympics as

“a means of simply developing their global status”, instead of stimulating “urban transformation as previously” (Essex and Chalkley 2004a).

In the context of deindustrialization, deregulation and globalization, mega-events have been used for various purposes – from promoting global status, to rejuvenating the local economy, to renewing the urban environment. Among contemporary mega-events, the Olympics are the most visible and spectacular (Essex and Chalkley 2004a). Kasimati (2003), summarizing from past literature, noted that the potential long-term benefits of the Olympics include:

newly constructed event facilities and infrastructure, urban revival, enhanced international reputation, increased tourism, as well as improved public welfare, additional employment, local business opportunities and corporate relocation (Kasimati 2003: 433).

The Barcelona Games of 1992 and the Sydney Games of 2000 were generally considered to be successful in terms of using the Olympics for urban transformation. Barcelona transformed a declining industrial area into the Olympic Village and an open public space. Sydney cleaned and converted a contaminated wasteland for the Olympic Stadium and Village (Essex and Chalkley 2004b). On the other hand, there are some potential negative effects, such as

high construction costs of public sports infrastructure and related necessary investments (usually placing a heavy burden on the government budget), temporary crowding problems, loss of visitors, property rental increases and temporary increases in employment and business activities (Kasimati 2003: 433-434).

Beijing’s and Shanghai’s Pursuits of Mega-events

In pursuing mega-events, Beijing and Shanghai, just like any other city that has hosted mega-events, intended to maximize potential benefits and minimize negative costs. As cities in a developing country, they did not experience the global dispersal of economic activities in the same way as their Western counterparts had. Neither did they have large-scale political deregulation as had happened in the U.S. in the 1970s. Nevertheless, their intentions in hosting mega-events were similar to those of their Western counterparts.

Economic restructuring meant deindustrialization for Western cities. Many Western cities thus intended to use mega-events to rejuvenate their economies. The global economic restructuring did not, however, impact

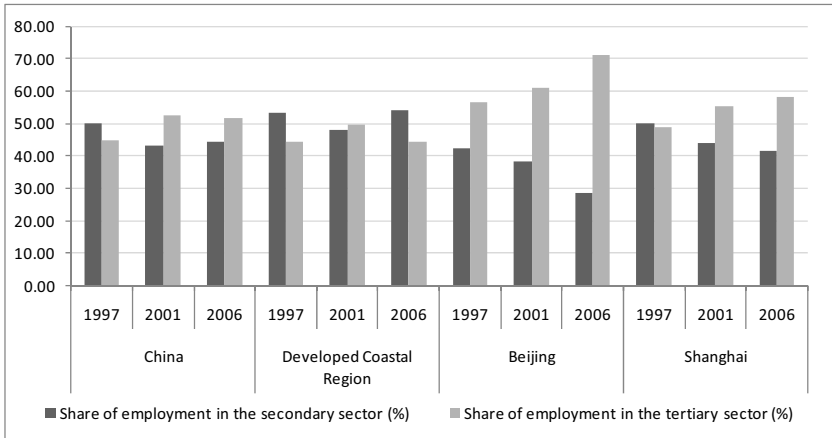
Beijing and Shanghai in as challenging a way as it had impacted Western cities. Although the shares of secondary sector employment in sum total had been declining in both Beijing and Shanghai (Figure 1), the industrial output in both cities from the secondary sector had been rising. Beijing's GDP in the secondary sector were 79 billion CNY, 111 billion CNY and 219 billion CNY in 1997, 2001 and 2006 respectively.² Shanghai's GDP in the secondary sector rose from 187 billion CNY in 1997 to 503 billion CNY in 2006. The tertiary sector in both cities also thrived. Both the shares of tertiary employment and the total output from the tertiary sector have been rising steadily since the 1990s. Beijing's GDP in the tertiary sector rose from 105 billion CNY in 1997 to 558 billion CNY in 2006. Shanghai's GDPs in those two years were 163 billion and 524 billion CNY respectively (National Bureau of Statistics of China, 1998, 2002, 2007). Therefore, Beijing and Shanghai did not have as desperate a need to use mega-events for economic development as Atlanta did in the 1990s when it hosted the Olympics. Economic growth probably would have continued in Beijing and Shanghai even without the hosting of these events, but mega-events were considered to be able to add more thrust to economic restructuring and capable of generating benefits for more sectors both before and after the events (Ong 2004). Beijing and Shanghai also intended to use the events to step on to a fast track for urban development, and especially urban infrastructure development.

The Beijing Olympic Action Plan explicitly stated that the 2008 Olympic Games was expected to facilitate the implementation of Beijing's Tenth Five-year Plan and "Strategy of Three-phased Development" (Beijing Organizing Committee for the Olympic Games 2009). One of the goals stipulated alongside staging the Games was to speed up the economic development of Beijing. Specifically, the city planned to further develop the tertiary sector and optimize the industrial infrastructure by relocating some traditional industries to outskirt areas, and to attract new clean, high-tech and knowledge-intensive industries to urban areas. The plan also expressed the city's intention to improve the environmental conditions and to promote infrastructure development, especially of the urban transportation network. Top government officials in Shanghai also expressed that the World Expo would be the "Economic Olympics", which would benefit Shanghai in its urban development and

2 These amounts are all in 2006 CNY, as are all the amounts subsequently cited in this article.

economic restructuring. Especially, it was claimed that the World Expo would serve as a developmental engine for promoting construction, for boosting the tertiary sector and tourism, for improving the public transportation system, for providing job opportunities and for improving residents' life (Expo 2010 Shanghai 2009; Lin 2009; Ma 2009).

Figure 1: Economic Restructuring in China, Developed Coastal Region, Beijing and Shanghai



Source: National Bureau of Statistics of China various years.

Another important consideration in Beijing and Shanghai's pursuit of mega-events was their global image. Both cities intended to use mega-events as showcases for their economic achievement and, more importantly, to gain greater world recognition and enhance their global status, thereby attracting new economic opportunities in the international marketplace (Essex and Chalkley 2004b; Broudehox 2007; Zhang and Silk 2006). Furthermore, Beijing and Shanghai were expected through these mega-events not only to promote the "opening-up" of themselves but also to display to the world a new image of the regions surrounding them, as well as of China as a whole (Beijing Organizing Committee for the Olympic Games 2009; Wu and Xu 2009).

Changes in Beijing and Shanghai – Scan of the Pre-event Economic Contexts

Great expectations had been placed upon the 2008 Olympics and the 2010 World Expo. These two events were expected to spur large capital investment, generate drive to other economic activities and enhance the global images of Beijing and Shanghai. Many of the changes were supposed to materialize even before the events had started. As both cities had planned, the preparation for the mega-events would have significant impacts on a variety of different areas. Especially, most of the event-related construction and infrastructure improvement were completed, with their impact on local economies realized, before the events had begun. Moreover, although a large number of tourists had been attracted to the Olympics in Beijing and will likewise attend the World Expo in Shanghai, an increased number of tourists might have already visited the host cities prior to the events due to the increased exposure these cities received on the global stage after they had won the bids. The pre-planned economic restructuring should also speed up during the mega-events preparation stage. It is impossible to attribute all of the changes directly to the mega-events, but many of them were planned explicitly or expected implicitly to be attendant with the events, as discussed in the previous section. These changes constitute the larger economic contexts in which these events take place and, to some extent, reveal the nature and scale of the impacts from these mega-events. The rest of this article conducts a comprehensive scan of the ex-ante changes ensuing after Beijing and Shanghai won the bids for the 2008 Olympics and the 2010 World Expo respectively.

The time frame of this study is the ten-year period from 1997 to 2006; in other words, the period directly before the Olympics and the World Expo took place in Beijing and Shanghai respectively. Methodologically, our study uses data from the National Bureau of Statistics of China; we compare the changing trends of Beijing and Shanghai across a group of economic indicators with both the national trends and the economic patterns in the coastal region of eastern China, to establish whether Beijing and Shanghai experienced any different trends due to their successful bids to host the events. Mainland China has 27 provinces as well as four cities that enjoy provincial status in terms of political and administrative structure (these are Beijing, Chongqing, Shanghai and Tianjin). The coastal region contains the city of Tianjin and six coastal

provinces (Fujian, Guangdong, Jiangsu, Liaoning, Shandong and Zhejiang). They are selected as a comparative region because they comprise the most developed economies in China outside of Beijing and Shanghai. In 2006, the per capita GDPs of Tianjin and these six provinces ranked from third to ninth, right after Shanghai and Beijing. This developed coastal region is more comparable to Beijing and Shanghai than those provinces in the hinterland.

Construction

Previous studies on the Olympics have found that the Games generated minimal infrastructure investment in some host cities (such as Los Angeles in 1984) but great urban transformations in others (such as Tokyo in 1964 and Montreal in 1976) (Owen 2005). Beijing's and Shanghai's ambitions pointed to a legacy similar to Tokyo's or Montreal's. Beijing built 20 new sports facilities (including eight temporary venues) and expanded and refurbished 11 existing venues for the 2008 Summer Games. Besides the sports venues, Beijing also constructed five major supporting facilities: the Digital Tower, the Media Village, the National Conference Center, the Olympic Forest Park and the Olympic Village. The Olympic Games was also the deadline for the expansion of the Beijing Capital International Airport. Construction for the Olympics was completed in three stages: the preparation stage (2002-2003), the full construction stage (2004-2007) and the enhancement stage (2007-2008). Besides the event-related structures, city infrastructures were also to be improved. Sixty-two new roads and four new bridges were constructed to link the Olympics-related facilities to Beijing's transport grid (Beijing 2008 Olympic Games 2008; Beijing Organizing Committee for the Olympic Games 2009; Owen 2005). Shanghai designated 5.82 square kilometres of land for the World Expo, on which 11 exposition centres will be constructed. Shanghai also planned, starting in 2008, to repair over 1,400 roads; meanwhile, the city's rail system is under a new round of renovation. Shanghai's construction for the World Expo started in 2006 (Expo 2010 Shanghai 2007, 2008a, 2008b). Also significant is the fact that the construction of event-related projects and the construction and improvement of the transportation systems would open up many pieces of empty land, as well as spur other real estate development.

Table 1: Annual Percentage Changes in Construction: Beijing vs. China and Developed Coastal Region

	China		Developed Coastal Region		Beijing	
	1997-2001	2001-2006	1997-2001	1997-2001	2001-2006	1997-2001
Total Output Value of Construction	14.31	20.23	15.11	21.59	14.85	17.87
Per Capita Output Value of Construction	13.47	19.52	13.99	19.98	12.04	14.77
Floor Space under Construction	10.08	16.88	10.68	19.69	11.58	12.80
Per capita Floor Space under Construction	9.27	16.19	9.55	18.08	8.79	9.82
Floor Space Completed	12.08	13.02	12.98	15.65	-4.32	54.75
Per Capita Floor Space Completed	11.27	12.36	11.88	14.09	-7.01	50.64

Source: National Bureau of Statistics of China various years.

Table 2: Annual Percentage Changes in Construction: Shanghai vs. China and Developed Coastal Region

	China		Developed Coastal Region		Shanghai	
	1997-2002	2002-2006	1997-2002	2002-2006	1997-2002	2002-2006
Total Output Value of Construction	15.76	19.89	16.49	21.49	8.88	27.17
Per Capita Output Value of Construction	14.94	19.20	15.45	19.64	6.73	23.60
Floor Space under Construction	10.96	17.48	11.94	20.37	29.39	28.19
Per capita Floor Space under Construction	10.16	16.80	10.91	18.52	27.36	24.45
Floor Space Completed	12.22	13.08	13.13	16.14	9.02	28.54
Per Capita Floor Space Completed	11.43	12.43	12.11	14.35	7.15	24.90

Source: National Bureau of Statistics of China various years.

Beijing saw higher annual percentage changes from 2001 to 2006 than before 2001 in the total and per capita output values of construction, and in the total and per capita floor space under construction (see Table 1). However, the higher annual percentage changes were less significant than both the national averages and those of the developed coastal re-

gion. The total output value of construction (measured in 2006 CNY) had been growing by 14.31 per cent annually in China from 1997 to 2001; from 2001 to 2006, the average annual growth was 20.23 per cent, 5.92 per cent higher than prior to 2001. The average growth rate was 6.48 per cent higher from 2001 to 2006 than from 1997 to 2001 in the developed coastal region. The average annual percentage change in Beijing before 2001 was 14.85 per cent, which was very close to the pre-2001 national figure. But the average annual percentage growth in Beijing after 2001 was 17.87 per cent, only 3.02 per cent higher than the rate prior to 2001. Construction activities had been speeding up after 2001 in the nation, in the developed coastal region and in Beijing, but the nation and the coastal region had faster average rates after 2001 than Beijing, according to the annual percentage changes in the output values of construction. A similar trend can be observed for floor space under construction. The annual percentage changes in the total and per capita floor space completed in Beijing after 2001 were significantly higher than those before 2001. In Shanghai, the total and per capita output values of construction had lower annual percentage changes than those of the nation and developed coastal region before 2002, but higher annual changes after 2002 (see Table 2). The changes in the total and per capita floor space completed had similar trends, but the changes in the total and per capita floor space constructed had contrary patterns. The developed coastal region had slightly higher growth rates than China as a whole both before and after 2002. The well-documented real estate boom in China could be one of the possible reasons for why the nation and the developed coastal region experienced higher construction growth rates in the early 2000s than both Beijing and Shanghai did.

However, the annual percentage changes tell only a partial story. Percentage changes overlook differences in absolute values. Beijing and Shanghai had much higher values in the per capita output value of construction, in the per capita floor space under construction and in the per capita floor space completed in 1997. In that year, the per capita output values of construction were 787 CNY in the nation and 1,227 CNY in the developed coastal region. The figures in Beijing and Shanghai were 4,463 and 4,041 CNY respectively. The per capita floor space under construction in China, the developed coastal region, Beijing and Shanghai in 1997 was 1.04, 1.69, 4.68 and 1.45 square metres respectively (Shanghai's figure is slightly lower than that of the coastal region). The per capita floor space completed in China, the coastal region, Beijing and

Shanghai in 1997 was 0.5, 0.79, 3.56 and 1.1 square metres respectively. With such high starting values, a small percentage increase in Beijing or Shanghai would mean a great increase in absolute value. Tables 3 and 4 compare the annual rate changes in Beijing and Shanghai with those in China and the developed coastal region. The per capita output value of construction in China increased by 127.61 CNY annually before 2001 and by 372.84 CNY annually after 2001. The rates of change in the coastal region were 206.32 CNY annually before 2001 and 607.74 CNY annually after 2001. In Beijing, the figures were 614.14 CNY before 2001 and 1,358.53 CNY after 2001. The average annual rate of change after 2001 in Beijing was 744.39 CNY higher than that before 2001.

Table 3: Annual Rate Changes in Construction: Beijing vs. China and Developed Coastal Region

	China		Developed Coastal Region		Beijing	
	1997-2001	2001-2006	1997-2001	2001-2006	1997-2001	2001-2006
Per Capita Output Value of Construction (in 2006 CNY)	127.61	372.84	206.32	607.74	614.14	1,358.53
Per Capita Floor Space under Construction (m ²)	0.11	0.33	0.18	0.63	0.44	0.76
Per Capita Floor Space Completed (m ²)	0.07	0.12	0.11	0.23	-0.31	0.14

Source: National Bureau of Statistics of China various years.

The increases in the annual rates of change in China and the coastal region were far below those of Beijing. The average annual growth of the per capita floor space under construction in the nation was 0.33 square metres after 2001, 0.22 square metres higher than that before 2001. In Beijing, the per capita floor space under construction increased by 0.76 square metres annually after 2001, 0.32 square metres higher than before 2001. In the coastal region, the per capital floor space under construction increased by 0.63 square metres annually, which was 0.45 higher than before 2001. The increase in the rate of change was higher in the coastal region than in Beijing, but the per capita floor space under construction in 2006 was 10.24 square metres in Beijing and 5.55 square metres in the coastal region. The gap in the absolute value would not be easily closed.

The same pattern can be observed for the per capita floor space completed. Beijing’s construction was on a much larger scale than that of the nation and the coastal region, and had a much higher absolute growth annually in the output value. Shanghai experienced a higher annual absolute growth across all three indicators than both the coastal region and China did after 2002 (Table 4).

Table 4: Annual Rate Changes in Construction: Shanghai vs. China and Developed Coastal Region

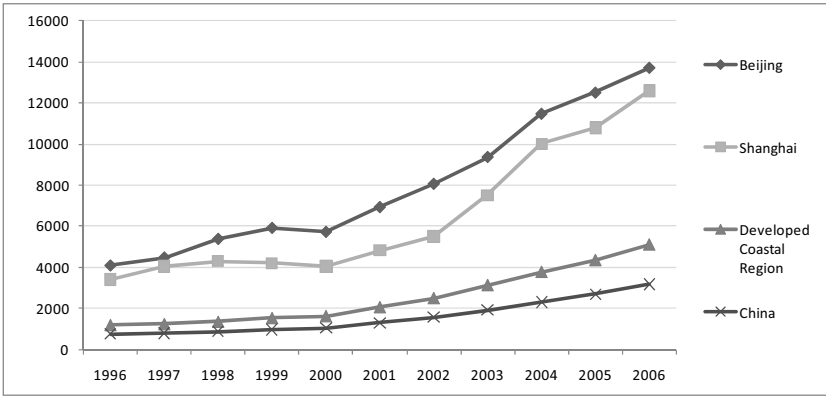
	China		Developed Coastal Region		Shanghai	
	1997-2002	2002-2006	1997-2002	2002-2006	1997-2002	2002-2006
Per Capita Output Value of Construction (in 2006 CNY)	156.05	398.60	252.49	650.38	291.35	1,773.45
Per Capita Floor Space under Construction (m ²)	0.13	0.36	0.22	0.68	0.48	1.23
Per Capita Floor Space Completed (m ²)	0.07	0.13	0.12	0.25	0.08	0.52

Source: National Bureau of Statistics of China various years.

Figures 2, 3 and 4 show the growth trends in the construction indicators. The per capita output values of construction in Beijing and Shanghai climbed with steeper gradients than did those of the nation and coastal region after 2001, indicating much higher rates of change in Beijing and Shanghai after 2001 (see Figure 2). The curve of the per capita floor space under construction in Shanghai follows the trend of that in the coastal region before 2002, but became much steeper after 2002 (Figure 3). The curve of the per capita floor space under construction in Beijing was slightly higher than that in the coastal region after 2001. Beijing had consistently higher values in the per capita floor space under construction than Shanghai, the coastal region and the national average did. Shanghai had the fastest growth after 2002. Figure 4 shows that Beijing had a greater amount of floor space finished in 2003 and in 2005. The peaks in 2003 and in 2005 might have come from the accumulated legacy of previous years, since the floor space under construction had been rising since 2000. Furthermore, in the case of Beijing, most of the Olympic sports facilities were finished in 2007 and by early 2008, so we expect

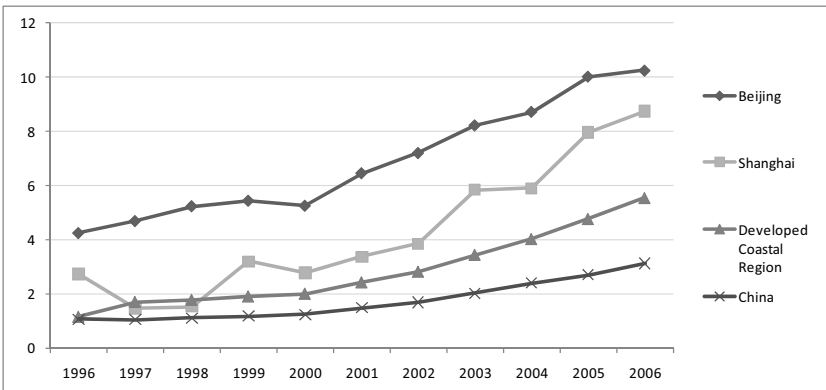
to see another climax in the finished construction of 2007 when data becomes available. For Shanghai, the increase in the per capita floor space completed there follows very closely that in the coastal region before 2002, but rose faster in the former after 2002, therein indicating a more thriving construction industry in Shanghai.

Figure 2: Per Capita Output of Construction, 1997-2006 (in 2006 CNY)



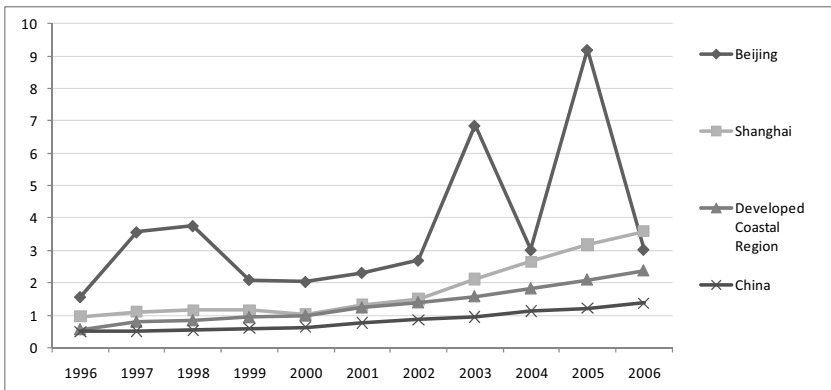
Source: National Bureau of Statistics of China various years.

Figure 3: Per Capita Floor Space under Construction (m²)



Source: National Bureau of Statistics of China various years.

Figure 4: Per Capita Floor Space Completed (m^2)



Source: National Bureau of Statistics of China various years.

Tourism

Mega-events such as the Olympics and the World Expo can promote positive publicity for host cities, and thus stimulate the growth of tourism – one of the desirable legacy effects of the event (Owen 2005). However, such an effect may also take place before the event, since the winning of the event bid increases publicity for the host city as well. Beijing’s and Shanghai’s international tourism was greatly impacted by the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003, with Beijing suffering much greater repercussions. Largely due to SARS, the revenue from international tourism in Beijing plummeted from 28 billion CNY in 2002 to 17 billion CNY in 2003, which was a dramatic drop compared to the only 2 billion CNY decline in Shanghai during the same period. The number of overseas tourists had a similarly downward trend. Beijing’s overseas tourist arrivals dropped from 3.1 million in 2002 to 1.8 million in 2003, thus recording a 1.3 million loss, while Shanghai only experienced a drop in numbers of 278,000. These impacts are reflected in Figures 5 and 6, where the per capita revenues from international tourism and the per capita overseas tourist arrivals are shown.

Despite the impact of SARS, Beijing and Shanghai still managed to witness higher increases in the average annual rate changes of the per capita overseas tourist arrivals after 2001, as compared with the nation and the coastal region (Tables 5 and 6). The high annual increases were contributed to by the quick recovery after SARS. The per capita revenues

from international tourism and the per capita overseas tourist arrivals in Beijing and Shanghai were always much higher than those of the coastal region and of China as a whole, and so Beijing's and Shanghai's tourism industries quickly recovered after 2003. The average annual rate changes in the per capita revenue from international tourism in Beijing and Shanghai from 2004 to 2006 were 102 CNY and 107 CNY respectively, much higher than those in the nation and in the coastal region, which were 22 CNY and 40 CNY respectively. Similar trends can be seen in the per capita overseas tourist arrivals (Figure 6). Noticeably, since 2003 the per capita annual overseas tourist arrivals in Shanghai have outnumbered those of Beijing. However, Beijing has been catching up quickly.

Table 5: Annual Rate Changes in Tourism: Beijing vs. China and Developed Coastal Region

	China		Developed Coastal Region		Beijing	
	1997-2001	2001-2006	1997-2001	2001-2006	1997-2001	2001-2006
Per Capita Revenue from International Tourism (in 2006 CNY)	9.30	14.21	18.44	26.94	75.23	24.38
Per Capita Oversea Tourist Arrivals	0.23	0.40	0.51	0.75	0.53	0.80

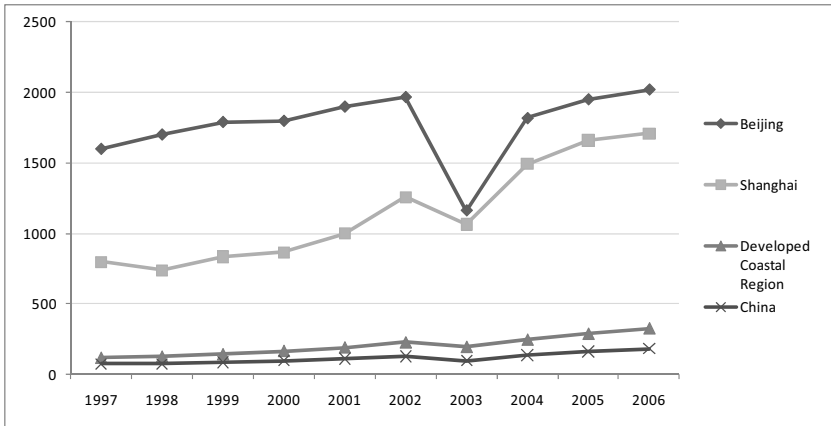
Source: National Bureau of Statistics of China various years.

Table 6: Annual Rate Changes in Tourism: Shanghai vs. China and Developed Coastal Region

	China		Developed Coastal Region		Shanghai	
	1997-2002	2002-2006	1997-2002	2002-2006	1997-2002	2002-2006
Per Capita Revenue from International Tourism (in 2006 CNY)	11.06	13.23	21.82	24.83	92.31	112.19
Per Capita Oversea Tourist Arrivals	0.28	0.38	0.61	0.68	1.08	2.21

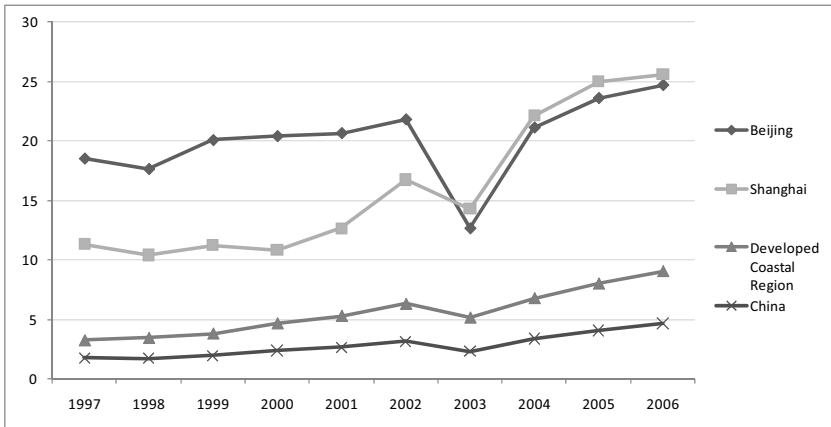
Source: National Bureau of Statistics of China various years.

Figure 5: Per Capita Revenue from International Tourism (in 2006 CNY)



Source: National Bureau of Statistics of China various years.

Figure 6: Per Capita Oversea Tourist Arrivals



Source: National Bureau of Statistics of China various years.

Economic Restructuring

As discussed above, Beijing and Shanghai had greater ambitions than just the promotion of tourism and urban construction. Both cities intended to use the mega-events to propel their already rapidly-growing economies even faster and to facilitate economic restructuring. There are signs

showing faster growth in Beijing and Shanghai after they were selected as host cities.

Table 7: Annual Percentage and Rate Changes in Gross Domestic Products: Beijing vs. China and Developed Coastal Region

	China		Developed Coastal Region		Beijing	
	1997-2001	2001-2006	1997-2001	2001-2006	1997-2001	2001-2006
Annual Percentage Changes						
Gross Domestic Product (GDP)	8.78	12.71	9.82	15.91	12.30	21.91
Per Capita GDP	7.93	12.05	8.62	14.33	9.34	18.66
GDP in the Secondary Sector	7.48	14.12	9.80	17.90	9.00	14.72
Per Capita GDP in the Secondary Sector	6.63	13.45	8.58	16.31	6.09	11.69
GDP in the Tertiary Sector	13.55	11.66	12.57	15.59	15.29	27.13
Per Capita GDP in the Tertiary Sector	12.66	11.00	11.36	14.00	12.27	23.73
Annual Rate Changes (in 2006 CNY)						
Per Capita GDP	599.06	1,397.43	959.59	2,604.46	1,654.50	5,520.72
Per Capita GDP in the Secondary Sector	236.12	733.37	476.24	1,531.98	420.84	1,165.87
Per Capita GDP in the Tertiary Sector	354.88	513.17	463.08	975.99	1,234.65	4,375.91

Source: National Bureau of Statistics of China various years.

Table 7 shows that the annual percentage and rate changes in Beijing’s GDP and per capita GDP experienced greater increases after 2001 than did the nation and the coastal region. The tertiary sector in Beijing saw even stronger increases after 2001; meanwhile the nation’s growth in the tertiary sector slowed down after 2001. The annual percentage change in Beijing’s GDP in the secondary sector from 2001 to 2006 was higher than those before 2001, but the increase in the annual percentage change was lower than those of the nation and the coastal region. The annual rate change in Beijing’s per capita GDP in the secondary sector from

2001 to 2006 was higher than that of the nation, but much lower than that of the coastal region. As the nation and the coastal region were experiencing a strong industrial growth, Beijing saw a slowing-down of growth in the secondary sector and a speeding-up of growth in the tertiary sector. This trend corresponds with the goals set in the Beijing Olympic Action Plan. Shanghai had similar growth trends as Beijing, but it still had quite robust growth in the secondary sector and did not witness as great a leap in the growth of the tertiary sector after 2002 as Beijing did after 2001 (Table 8). In general, Beijing’s economic restructuring increased to a greater extent after it won the bid for the Olympics than Shanghai’s did after it won the bid for the World Expo.

Table 8: Annual Percentage and Rate Changes in Gross Domestic Products: Shanghai vs. China and Developed Coastal Region

	China		Developed Coastal Region		Shanghai	
	1997-2002	2002-2006	1997-2002	2002-2006	1997-2002	2002-2006
Annual Percentage Changes						
Gross Domestic Product (GDP)	9.24	13.11	10.34	16.78	10.42	15.29
Per Capita GDP	8.24	12.46	9.25	14.97	8.13	12.17
GDP in the Secondary Sector	7.93	15.21	10.51	19.04	8.32	15.95
Per Capita GDP in the Secondary Sector	7.11	14.55	9.41	17.22	6.09	12.76
GDP in the Tertiary Sector	13.52	11.23	12.81	15.59	12.96	15.25
Per Capita GDP in the Tertiary Sector	12.66	10.59	11.71	14.22	10.61	12.17
Annual Rate Changes (in 2006 CNY)						
Per Capita GDP	668.70	1,509.97	1,089.64	2,853.12	2,316.55	5,237.75
Per Capita GDP in the Secondary Sector	264.40	822.33	553.69	1,699.12	862.79	2,639.13
Per Capita GDP in the Tertiary Sector	378.77	522.88	509.81	1,045.80	1,446.66	2,616.92

Source: National Bureau of Statistics of China various years.

Global Status

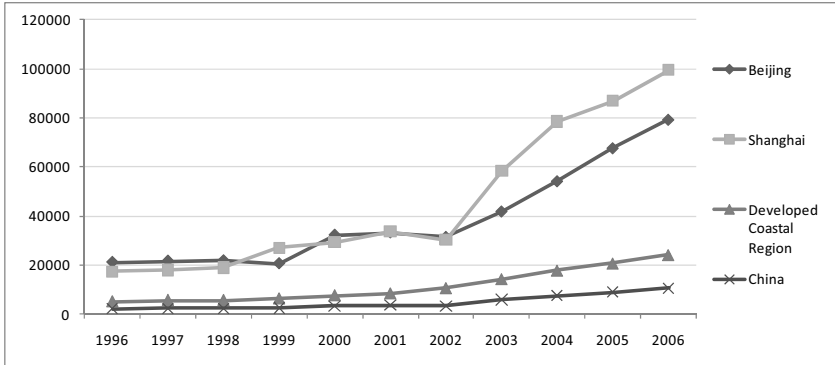
The Olympics and the World Expo are internationally significant. It has been widely acknowledged that mega-events such as the Olympic Games and the World Expo will bring fame to, and improve the global images of, host cities (Essex and Chalkley 2004b; Hall 1992; Kasimati 2003; Short et al. 2000). In staging their respective global mega-events, Beijing and Shanghai sought to gain global attention, to further develop their global status and to merge into the “global network”. For Beijing and Shanghai, however, moving to the upper tiers of global cities requires more than just the staging of mega-events. A global city also needs to be integrated into the global economy and to have a concentration of leading professional industries, in particular, producer services such as finance, insurance and real estate (FIRE) (Friedmann 1986; Sassen 2001).

Beijing and Shanghai have closer ties with the global market than most of the other cities and regions in China do. Their per capita values of import and export and their per capita foreign direct investments (FDIs) were far above those of the nation and the coastal region (see Figures 7 and 8); however, the changing trends in those indicators for these two cities did not appear to be associated with their winning of the bids for the Olympics and the World Expo. Beijing, Shanghai, the coastal region and the nation on average all saw faster growth in the per capita values of import and export after 2002 (Figure 7), which might be attributed to China’s re-entry into the World Trade Organization (WTO) in December 2001, rather than being linked to the Olympics and to the World Expo. However, the steeper curves of Beijing’s and Shanghai’s growth after 2002 may also be associated with their winning of the mega-events.

The per capita FDIs of Shanghai rose significantly after 2001, a change most likely associated with China’s accession to the WTO rather than with the winning of the World Expo (Figure 8). The change in the per capita FDIs of Beijing did not even react to China’s accession to the WTO, let alone the winning of the mega-event. Shanghai had been attracting a large amount of foreign capital even before China’s accession to the WTO. In 2001, Shanghai had 18,160 enterprises receiving foreign investments, while Beijing had only 8,818 such enterprises (National Bureau of Statistics of China 2002). Figure 8 reflects this difference. The annual per capita FDIs of Shanghai were far greater, on average, than those of Beijing, the coastal region and the nation during the period under examination. China’s re-entry into the WTO might have intensi-

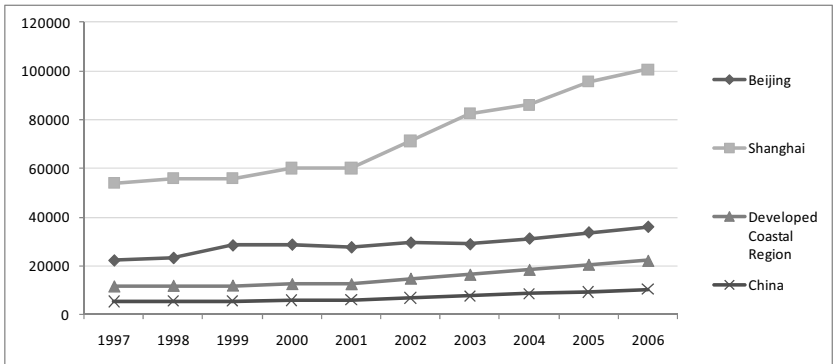
fied the cluster effect of foreign-invested enterprises in Shanghai, which led to the significant increases in Shanghai’s per capita FDIs after 2001.

Figure 7: Per Capita Value of Import and Export (in 2006 CNY)



Source: National Bureau of Statistics of China various years.

Figure 8: Per Capita Foreign Direct Investment (in 2006 CNY)



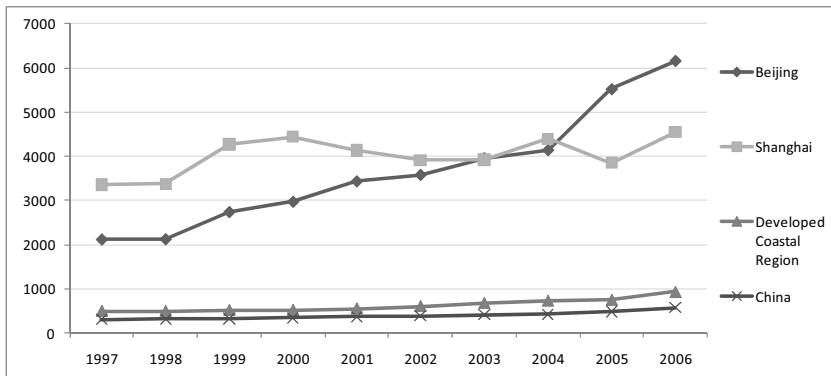
Source: National Bureau of Statistics of China various years.

Shanghai has always been viewed as China’s financial centre, but Beijing has appeared to catch up quickly in recent years. Beijing’s GDP in finance and insurance rose from 26.3 billion CNY in 1997 to 97.4 billion CNY in 2006. In the same ten years, Shanghai’s GDP in finance and insurance increased from 49 billion CNY to 82.5 billion CNY. Figure 9 shows that Shanghai’s per capita GDP in finance and insurance was

relatively stagnant, but that Beijing's has kept rising since the late 1990s. Beijing's per capita GDP in finance and insurance had a jump in its growth rate in 2005, which may or may not be the result of its winning the bid to host the Olympics.

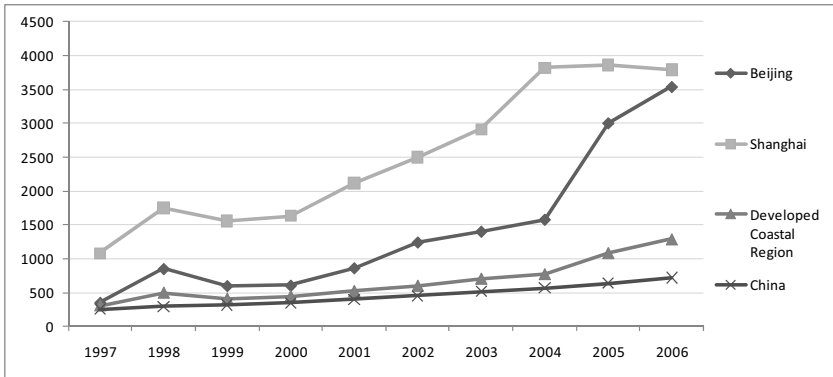
Beijing's per capita GDP in real estate demonstrated a rising trend similar to those in finance and insurance (see Figure 10). Although Shanghai had previously consistently outpaced Beijing in the GDP from real estate, for the former went into a downward trend in 2005 and 2006. In contrast, Beijing's per capita GDP in real estate experienced a great leap in 2005 and 2006, to the point of almost closing the gap between the two cities. The fluctuating fortunes of the real estate industries in both cities did not appear to be closely linked to their winning of mega-events, particularly in the case of Shanghai. As studies on global cities and the international market have demonstrated, the development of professional service industries is associated with a city's existing economic structure and its long-term developmental strategies (Sassen 2001; Savitch and Kantor 2002). The benefits from winning mega-events for Beijing's and Shanghai's professional industries would be, if anything, probably minimal.

Figure 9: Per Capita GDP in Finance and Insurance (in 2006 CNY)



Source: National Bureau of Statistics of China various years.

Figure 10: Per Capita GDP in Real Estate (in 2006 CNY)



Source: National Bureau of Statistics of China various years.

Major Findings and the Implications

After examining a wide range of indicators, our study demonstrates that Beijing and Shanghai did experience some profound economic changes after they had won the bids for the mega-events, noticeably in the sectors of construction, foreign investment, international trade and overall economic output. Both Beijing and Shanghai experienced a boom in their construction industries after winning the bids. Beijing enjoyed spikes in most of the measures of the construction sector, including the floor space under construction, floor space completed and the output value of construction, as compared with the city before and after it had won the bid, and compared with the figures of the nation and the developed coastal region throughout the ten-year period. Shanghai's figures were relatively mixed but the city did have a higher growth rate after winning the World Expo in the categories of floor space completed and the output value of construction.

Another salient change resides in the tourism industry. Beijing enjoyed a higher growth in both revenue and tourist arrivals after it had won the bid for the Olympics. Because the World Expo in Shanghai will take place two years after the Olympic Games and usually does not enjoy the same fame as the one-of-a-kind Olympic Games, Shanghai's tourism revenue growth was more modest post-selection than that in Beijing. However, the overseas tourist arrivals increased by more than five per cent annually after Shanghai won the bid in 2002. Although it is not an easy task to concretely confirm the claim that mega-events promote

tourism, Beijing's and Shanghai's experience can, to an extent, be said to support this legacy effect claim.

Beijing and Shanghai also became more integrated into the global economy after they had won the bids. Both cities experienced higher international trade volumes after 2001 and 2002 respectively. But, as the nation and the developed coastal region also showed a similar upward trend, factors other than the mega-events – including China's re-entry to the WTO and strong national and local opening-up policies – may have contributed to that growth. Winning and staging the mega-events did certainly increase host cities' global exposure, but Beijing and Shanghai may not have gained much global "economic advantages" from the enhanced global "images". Hosting mega-events echoes China's long-existing foreign policy inclination to project national strength (Ong 2004). However, the impact of these two mega-events on Beijing's and Shanghai's global economic status is probably minimal, transitory at most.

The overall economic development in Beijing and Shanghai also reveals faster growth trajectories after both cities had won their bids. Both cities enjoyed higher GDP growth rates in the years after 2001 and 2002 respectively. Beijing's per capita GDP (measured in 2006 CNY) rose by 18.7 per cent annually after 2001, nine per cent higher than it had done before 2001. The most significant growth occurred in the tertiary sector, which had an annual growth rate of over 27 per cent after 2001, 12 per cent higher than the rate before 2001. Shanghai also showed a strong growth trajectory, with its per capita GDP in the tertiary sector increasing by 13 per cent annually before 2002 and 15.3 per cent annually after 2002. Evidently, these two major Chinese cities each received from the winning of the mega-events strong impetus for economic development and restructuring, and they seemed to act according to what was planned in those domains.

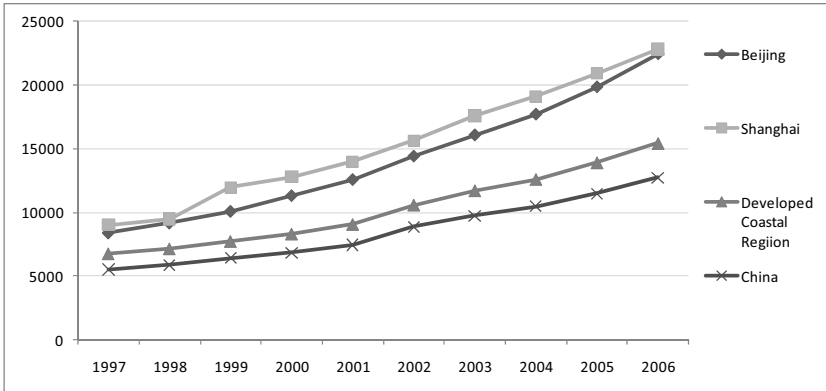
The preparation for mega-events had profound impacts on ecology preservation, local infrastructure building and social development. According to the official Beijing Olympics website, after winning the bid in 2001, the city spent 280 billion CNY (approximately 40 billion USD) on infrastructure over seven years – including 68 billion CNY on energy consumption, 17 billion CNY on environmental protection, 178 billion CNY on transportation and , 16 billion CNY on water utilities. Among the transportation projects, the city spent 55 billion CNY to construct over 578 kilometres of highways and 50 billion CNY on 146 kilometres

of transit railways. Now the city has over 800 kilometres of highways and over 200 kilometres of transit railways. In order to improve the city's water utility networks, Beijing built 11 additional water plants to provide 525,000 cubic metres of water daily and nine new waste water treatment plants, which can treat over 90 per cent of the waste water from the city. Beijing also achieved an over 99 per cent treatment rate for its solid waste (Liu 2008a). In addition to these infrastructure improvements, hosting the Olympics also required the city to provide a more desirable environment. Beijing's residents are now enjoying over 40 per cent of the city land as green space and more than two-thirds of the days in a year are of good air quality. Beijing built or renovated over 20 new or existing sports facilities, which could serve local residents and hold sports events. The city now hosts more than 10,000 sports events every year, attracting over three million participants (Liu 2008b).

Despite these benefits, there are potential costs and risks associated with mega-events. While the winning of the mega-events seems to generate great economic growth in Beijing and Shanghai, residents of these two cities did not, however, receive as much benefit from the growth in terms of income, which is consistent with the findings of some previous studies. Figure 11 shows that the per capita total incomes in Beijing and Shanghai had been rising at a faster pace than those of the nation and the coastal region, but there is no indication that suggests the per capita incomes in those two cities rose in different inclinations after they had won the bids to host the mega-events. Moreover, there are always economic concerns about the huge investment in event-related facilities. How the facilities will be used in the future determines whether the investments can enjoy a good financial return. Taking the Beijing Olympics as an example, the venues and supporting facilities received great financial support from the national and local governments but the constructions were contracted out to private companies. After the Games ended, these private companies continue to operate and profit from many of the facilities through a Build-Operate-Transfer (BOT) scheme that will last for many years before the city resumes the ownership of these facilities. The plan is to either turn them into professional stadiums or to commercialize the facilities as leisure and entertainment arenas; however, some first-class facilities cannot be easily transformed into community facilities. Community facilities would not be economically sound either, especially when they are operated by private investors. The facilities would probably become luxury resorts for the wealthy, and as such be

inaccessible to the general public (Broudehoux 2007). For these reasons, these financial arrangements will not provide desirable public goods to the city’s residents at large.

Figure 11: Per Capita Total Income (in 2006 CNY)



Source: National Bureau of Statistics of China various years.

Scholars have also long been discussing the social costs of hosting mega-events, particularly for less advantaged resident groups (COHRE 2007; Greene 2003; Guthman 2008). This concern also applies to Chinese cities (Broudehoux 2007; Shin 2009). The less advantaged groups in China include migrants who live in cities temporarily and those low-income permanent residents. China’s real estate boom could not have been realized without an army of cheap labour, which consists of a vast number of migrant workers from rural areas. Migrant workers work long hours and receive very low pay, as well as almost no benefits. Many of them are back-paid. The construction boom in Beijing and Shanghai also aggravated the existing tension between workers and contractors. Protests and violence against supervisors and contractors broke out from time to time. Some unpaid construction workers even demonstrated their plight in desperate ways – jumping off high-rise buildings or cranes (Broudehoux 2007). The government has exerted some effort to improve the working and living conditions of migrant labourers, but the process is slow.

Mass construction in both cities was inevitably accompanied by the mass destruction of existing neighbourhoods, which also generated some

resistance and protests from the native residents of those neighbourhoods. Shin (2009) argued that the benefits and costs of hosting the games were disproportionately shared among local residents due to their socio-economic status and their place of residence. In order to make land available for Olympic projects, vast demolitions and the relocation of low-income residents affected millions (COHRE 2007: 162). Part of the reasons for such concerns is the weak participation and representation of local residents in the decision-making and planning processes.

Beijing and Shanghai differ from their American and European counterparts in how they promote mega-events, due to the different ways in which urban governance and public administration are structured (Andranovich, Burbank, and Heying 2001; Burbank, Andranovich, and Heying 2002; Cochrane, Peck and Tickell 1996). In American cities, the bidding process is usually initiated and sustained by local growth coalitions and the public policy agenda reflects, first and foremost, the interests of key players in urban regimes. The process of bidding is conducted by “a private, non-profit organization whose actions are largely beyond the control of local elected officials” (Burbank, Andranovich, and Heying 2002: 194). In many European cities, such as Manchester, local political leaders formed a less bureaucratic partnership with business elites to secure public funding and community support for the bidding process, and tried to build a political consensus in order to pursue more public monetary support (Cochrane, Peck, and Tickell 1996; Peck and Tickell 1995).

In both the bidding and preparation stages of Beijing’s Olympics and Shanghai’s Expo, local governments and the national government were heavily involved and thus played dominant roles. The Beijing 2008 Olympic Games Bidding Committee (BOBICO) was approved by China’s State Council, and members of the BOBICO included not only officials from the State Sport General Administration and other national sport agencies, but also officials from the Beijing municipal government and the State Council. The Beijing Organizing Committee for the Olympic Games was headed by the Mayor of Beijing and also included officials from the Beijing municipal government as well as from national sport agencies (Ong 2004). Like all World Expositions, Shanghai’s bidding for the World Expo was led by the national government. The National Organizing Committee of Shanghai 2010 World Expo was headed by the Vice Premier Wang Qishan and included officials from the Shanghai municipal government and from 13 agencies of the central

government (Expo 2010 Shanghai 2006). The Executive Committee of Shanghai 2010 World Expo is responsible for planning and organizing the exposition. It is headed by the Mayor of Shanghai and includes officials from 42 agencies of the Shanghai municipal government (Expo 2010 Shanghai 2010).

Governmental dominance in the bidding and preparation of mega-events made meaningful resident participation minute in both Beijing and Shanghai. The private operation of sports facilities after the Olympics also prevents the substantive delivery of benefits to local communities. Broudehox (2007) stated that the Olympics Games led large-scale urban transformation:

has helped concentrate economic and political power in the hands of a coalition of government leaders and private investors [...] by allowing their interests to dominate the planning agenda and reshape the urban landscape (Broudehox 2007: 393).

Unlike the clear-cut loss or gain of some economic sectors, social issues will not be transitory nor will they be easy to mitigate. For these reasons, we call for more in-depth studies on this subject.

Conclusion

Cities use mega-events to fulfil a variety of purposes – including economic development, the enhancement of global status and urban renewal, which were all embraced by Beijing and Shanghai in their preparation for the 2008 Olympics and the 2010 World Expo respectively. After Beijing and Shanghai were awarded these events, both cities exerted great efforts in using the mega-events for the promotion of economic restructuring, the enhancement of their global images and the improvement of urban infrastructure. This article tracks the changes in construction, economic restructuring, global status and tourism in Beijing and Shanghai both before and after they had won their bids to host these mega-events. This is done in order to examine how the multiple purposes embraced by Beijing and Shanghai were fulfilled before the events. Both cities experienced large-scale construction after being selected to host their respective mega-events, which implied great transformation of their physical environment. Tourism in Beijing seemed to benefit from the rising publicity to some extent, although the increase in tourism might only be temporary. Beijing and Shanghai also experienced accelerating economic restructuring in the preparation for the mega-events, which was planned

by both cities. Both, and especially Beijing, also saw much greater growth after they won the bids in the tertiary sector than the nation and the developed coastal region did in the same time period, although the growth in the secondary sector fell instead behind those of the nation and the coastal region.

Beijing's and Shanghai's achievements after they won the bids cannot, however, be attributed solely to the mega-events preparations. Many other factors – such as China's accession to the WTO in 2001 and the country's long promotion of high economic growth rates – could have equally stimulated such development. The pursuit of mega-events was used as one strategy within the larger task of economic and spatial restructuring in these two cities, as well as in China as a whole. This article does not aim to draw direct causation between event preparation and consequent economic development, but intends, rather, to closely trace Beijing's and Shanghai's economic performance both before and after their winning of the bids, and to examine how those broader efforts in which mega-event preparation was incorporated have been substantialized.

With 132 Olympic and 43 world records broken, and a record-setting 204 delegations attending, the 2008 Beijing Olympics was a great success as a sport event. Within the first two months of opening, the Shanghai World Expo attracted over 20 million visitors from all over the world. However, the success of the Beijing Olympics and the World Expo in 2010 depends not only on the success of the events themselves, but also on how much and for how long economic, environmental, infrastructural and social benefits can be delivered. Beijing has already reaped some transitory benefits from this 16-day event. The city monitored 842 hotels and 165 major tourist attractions during the period of the games. During that time, these hotels accommodated 794,000 tourists, including 194,000 foreign visitors. The tourist attractions received 1.6 billion CNY in revenue from the visit of 6.5 million tourists, including 382,000 international guests, during the 16 days (Beijing Statistics Bureau 2008). The daily averages of the revenues and tourists were much higher than those in any of the previous years. Beijing's residents enjoyed 13 days with excellent air quality within a single month, breaking the previous record of nine days with excellent air quality within a single month, set ten years ago (Zhang 2008). It is still questionable, however, whether the benefits in tourism and air quality will last in Beijing, and it remains an open question whether the acceleration in economic devel-

opment and restructuring will endure long after the events are over, especially during the current global economic turmoil. Our ex-ante study, which only examines contextual changes that occurred prior to the events, thus serves as a base for the ex-post studies that are necessary in order to tell the full story.

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