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## RESEARCH ARTICLE

# Life in the shadow of mega-events: Beijing Summer Olympiad and its impact on housing

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Beijing's selection as the host city of the 2008 Summer Olympic Games was reportedly received with joy among Beijing residents. As part of the city's preparation of this mega-event, massive reinvestment in Beijing's urban space was carried out in order to transform the city to have a global look. This accompanied large-scale demolition and redevelopment of dilapidated inner-city neighbourhoods and migrants' enclaves. In this regard, this paper seeks to discuss the drivers of the Beijing Summer Olympiad, and critically examine its social legacy. The paper argues that the benefits and costs of hosting the Beijing Olympic Games were disproportionately shared among local residents due to their differences in socio-economic status and place of residence, and that the hardest hit were poorer residents in dilapidated inner-city neighbourhoods and migrants' enclaves. The Olympic Games preparation facilitated the rebuilding of Beijing, contributing to significant loss of affordable housing stocks for urban poor families and migrants. It is therefore necessary to address the social impacts of the Beijing Olympic Games within a framework of wider urban policy contexts.

**Keywords:** mega-events; Olympic Games; social impact; urban poor; migrants; urban villages; inner-city neighbourhoods; urban redevelopment; Beijing; China

### 1. Introduction

Contemporary cities increasingly strive to compete for hosting mega-events. Cities in both developed and developing countries plunge into bidding competitions for hosting mega-events like the Olympic Games, FIFA World Cup, and the World Expo for various reasons. When Beijing competed for the 2008 Summer Olympic Games, 10 cities participated in the bidding. Six cities came from developing countries (namely, Bangkok, Beijing, Cairo, Havana, Istanbul, and Kuala Lumpur), competing against Osaka, Paris, Toronto, and Seville, which were from more economically prosperous nations. Bangkok, Cairo, Havana, Kuala Lumpur and Seville failed to make it into the finalist group, but Beijing pushed itself forward to be the most favourite, despite international criticisms against its human rights record. Beijing's selection in the ballot, which took place in Moscow in June 2001, finally compensated for the city's earlier failure in 1993, when it had narrowly lost to Sydney by mere two votes. This was the third time in more than a hundred years' history of modern Olympic Games that a city from a developing country was chosen to host the Summer Olympiad. The first was Mexico City for the 1968 Summer Olympiad, and the second, Seoul for the 1988 games.

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According to the mayor of Beijing, the Olympic Games were considered as an opportunity for Beijing to 'emerge as a world-class metropolis by 2008' (Beijing mayor cited in Eckholm 2001). Ordinary Chinese seem to regard the IOC vote as 'a vote on China itself' rather than on Beijing's capacity to host an international sporting event (*The Economist* 2001). When the ballot result was announced, Beijingers gathered around in Tiananmen Square and exalted with joy, welcoming Beijing's selection as the host city wholeheartedly. This was not surprising, as an IOC survey before the ballot had showed that 96% of Beijing respondents were in support of the city's bidding (Close *et al.* 2007, p. 87). Tiananmen Square, which had first received international spotlight in 1989, turned itself from a bloody battleground to a festive space.

Then, did the Olympic Games really bring joy to everyone in Beijing? The previous experience of Seoul suggests that hosting mega-events may bring some detrimental social impacts to poor neighbourhoods in particular (Greene 2003). Seoul's preparation for the 1988 Summer Olympic Games accompanied brutal eviction of poorer residents, who largely consisted of tenants in informal/dilapidated neighbourhoods (Kim 1998). The Habitat Conference in 1987 listed South Korea, along with South Africa, 'as one of the two countries in the world where evictions by force are most brutal and inhuman' (Asian Coalition for Housing Rights 1989). Sporadic reports from Beijing suggested that Beijing did not learn from the experience of Seoul. A recent report from an international advocacy group named the Centre on Housing Rights and Evictions (COHRE) suggested that between 2000 and 2008, the number of residents affected by city-wide redevelopment would have reached as many as 1.5 million (COHRE 2007). It was pointed out that mega-event hosting resulted in the displacement of urban poor residents, the loss of affordable rental dwellings, and the rise of housing rents in host cities.

Economic impacts of hosting mega-events are what have been frequently discussed (Kasimati 2003, Matheson and Baade 2004, Preuss 2004). Its non-economic, social impacts on host cities have begun to receive attention only recently (Horne and Manzenreiter 2006). There is a growing concern that mega-event host cities have largely pursued political and economic interests at the expense of community and social interests (Lenskyj 2002). In this respect, this paper attempts to look at why cities compete for mega-events, and critically examine the social legacy by scrutinizing Beijing's experience in hosting the 2008 Summer Olympiad. Who could we identify in Beijing as cost bearers? Who were the most severely hit? It is argued in this paper that the benefits and costs of hosting the Beijing Olympic Games have been disproportionately shared among local residents due to their differences in socio-economic status and place of residence, and that the hardest hit have been poorer residents in dilapidated inner-city neighbourhoods and migrants' enclaves.

The rest of this paper consists of four sections. First, it reviews existing literatures to look at why cities compete for mega-event hosting, and what social impacts these mega-events have on host cities. Second, the paper discusses the main driving force behind Beijing's hosting the 2008 Olympic Games, and resulting social impacts on homeowners as well as poor residents living in dilapidated inner-city neighbourhoods and migrants' enclaves where pressure of demolition and redevelopment mounted. Third, the paper then examines if there is any possibility of minimizing the social costs in the preparation of the Olympic Games. The final section makes a summary discussion and concludes that it is necessary to address the social impacts of the Beijing Olympic Games within a framework of wider urban policy contexts.

## 2. Mega-events: drivers and social impacts

Hosting mega-events requires years of preparation and consumes a huge amount of investment, which often comes from the public sector. These events are characterized for being 'short-term events with long-term consequences for the cities that stage them' (Roche 1994, p. 1). Then, why are cities driven towards hosting these events? What potential benefits do these mega-events present to host cities? Furthermore, if cities compete for staging mega-events, what are the impacts of these events on residents in the host cities? The majority of existing literatures focus on the experiences of cities in the developed world (see for example, Lenskyj 2002). The impact study of mega-events in the developed world usually centres on economic impacts with less attention paid to social aspects. Very less literature addresses these issues in relation to the cities in developing countries (with few exceptions such as Greene 2003, Matheson and Baade 2004, Horne and Manzenreiter 2006, COHRE 2007). This section explores the drivers and social impacts of mega-events identified in existing literature.

### 2.1. Drivers of mega-events

The most widely cited driving force behind mega-event hosting comes from the context of globalization, world capital, and intercity competition. Critics argue that post-industrial cities in particular are increasingly driven towards competing with each other to construct cities for visitors and global capital as the economy becomes more service oriented and consumption based (Fainstein and Stokes 1998, Gladstone 1998, Hoffman *et al.* 2003). This trend has been evident for the last three decades in cities of the advanced capitalist world, which were left 'with few options except to compete with each other, mainly as financial, consumption, and entertainment centres' (Harvey 1990, p. 92). Traditional urban centres are taking advantage of their cultural assets, architectural heritage, and concentration of amenities to attract visitors and reverse the trend of urban decay from de-industrialization (Hoffman *et al.* 2003). One extreme form of this type of development in developed economies is known to be 'tourist urbanization' that refers to the growth of cities built around the consumption of pleasure (Mullins 1991). Many city leaders in Britain, for instance, have regarded tourism development including mega-event hosting as being 'a reasonable course of action' (Roche 1994, p. 9). This has also been the case in the United States where a huge amount of public resources are thought to be fed into the promotion of large entertainment projects (Eisinger 2000). Critics refer to the changes in the US federal policy and economic globalization to argue that staging high-profile mega-events is increasingly pursued by local political and business elites as part of their entrepreneurial strategies (Andranovich *et al.* 2001, Burbank *et al.* 2001). Burbank *et al.* note:

Prestigious events are desirable to growth advocates because they promise short-term tourism revenue and, more important, national and international recognition for the city in an increasingly global competition for investment capital. Hosting the Olympic Games thus has great potential to justify a broad range of development activities, even if they have little relevance to a sporting event, because hosting the games is about putting the city on the world stage (Burbank *et al.* 2001, p. 29).

Mega-events like the Olympic Games are particularly sought after as they take place less frequently but with a large influx of domestic and international visitors and a focused attention by global media (Andranovich *et al.* 2001). For local governments experiencing lack of resources, the high-profile nature of events like the Olympic Games provides

leverage for cities to secure additional allocation of federal resources for local growth. This was the case when Atlanta and Salt Lake City prepared for 1996 Summer Olympic Games and 2002 Winter Olympic Games, respectively (ibid, p. 124).

City branding and re-imaging then becomes an important strategy for attracting visitors and international investment (Weber 2002, p. 531). As David Harvey notes, 'Imaging a city through the organization of spectacular urban spaces became a means to attract capital and people (of the right sort) in a period (since 1973) of intensified inter-urban competition and urban entrepreneurialism' (Harvey 1990, p. 92). 'Flagship' projects are increasingly pursued in order to lead recasting decaying urban areas as attractive and vibrant (Bianchini *et al.* 1992, Wilkinson 1992). Mega-events, by their global nature, provide cities with ample opportunities to achieve these aims. The process of bidding, preparing for, and opening a mega-event itself comes at the centre of media focus. Image making is also used for overcoming negative images and making cities more attractive for tourists (Hall 1994).

The fact that more cities from the developing world are competing for hosting mega-events presents an additional dimension to the nature of opportunities presented by these events. In addition to the logic of global competition for investment capital, staging mega-events significantly provides cities (which are less known among international communities) with an opportunity to boost their reputation. The 1990 Beijing Asian Games became 'a major public-relations and political exercise' to boost its image in the international community (Sterngold 1990).

Perhaps, one of the distinctive reasons behind cities in developing countries hosting mega-events would be the host nation's 'desire to demonstrate that the host country embraces international legal norms' such as respecting 'human rights and the rule of law' (Greene 2003, p. 167). It is argued that the selection of a host country by major international organisations may act as an endorsement of 'the host country's legal and political institutions' (ibid, p. 168). This was the case for Seoul's hosting of the 1988 Summer Olympic Games. The decision to select Seoul as the host city of the 1988 Summer Olympic Games was made only 2 years after the then president secured its power through a military coup d'état. It is often pointed out that the selection of Seoul was equated as an international endorsement to approve the dictatorship.

Furthermore, mega-sporting events like the Olympic Games are often regarded as an opportunity to achieve unity within a country. When Beijing held the 11th Asian Games in 1990, just 15 months after the crackdown on the Tiananmen Square uprising, one of its main purposes was thought to be uniting 'the Chinese people behind a patriotic theme closely associated with the Communist Party' (Kristof 1990).

## 2.2. *Social impacts of mega-event hosting*

Proponents of mega-event hosting argue that event-related benefits are far greater than costs incurred. Holger Preuss (2004) suggests that the investment attracted by host cities can be used for the benefits of all inhabitants and not just for those better off (e.g., improved health systems, the provision of social housing by making use of the Olympic village, improved public transportation and infrastructure that may attract more industrial settlement, and new employment). By citing few successful evidences (e.g., Los Angeles having made profits, Sydney using former industrial sites to provide facilities and housing for the games, and Atlanta and Calgary universities benefiting from student housing and sport facilities), 'Olympic boosters emphasised the unique opportunities to solve the unemployment problem, upgrade public transit, clean up the environment, and construct

affordable housing and sport facilities' (Lenskyj 2000, p. 96). Impact analyses are often carried out by only looking at the aspects that are deemed important by those with vested interests in the games themselves. These aspects usually encompass 'urban development, sporting facilities, tourism and hospitality industries, transport and communication, the construction industry, and small businesses' (ibid, p. 97).

Until recently, social impacts have received fewer spotlights. As Greene points out,

The World Bank and other international organizations, such as the International Olympic Committee and the World Tourism Council, have failed to look at what happens behind the scenes when global conferences, sporting events, and international expositions are held in cities in the developing world (Greene 2003, pp. 162–163).

Lesser spotlight on social impacts might be the result of media, delivering pro-Olympic industry messages with less reporting on concerns (Lenskyj 2002). Eisinger (2000) points to the negligence of civic leaders and politicians who boost tourism and entertainment projects to build cities for visitors rather than paying attention to local residents. The result is that the powerless bear the burden disproportionately (Eitzen 1996).

The construction of event-related facilities and infrastructure facilitates urban spatial restructuring, leading to the re-dressing of the decaying urban space. This, however, often involves the creation of expensive consumer space that is beyond the reach of urban poor residents (Gratton *et al.* 2006). Poorer residents also bear the costs of 'beautification' as their dilapidated dwellings and neighbourhoods are regarded as 'eyesores' to mega-event boosters (Greene 2003). Sydney's experiences also testify that there is a general lack of policy attention 'that would tip the balance toward tenants' rights rather than landlords' profits' (Lenskyj 2002, p. 91). In short, loss of affordable rental dwellings become a common phenomenon in cities staging mega-events like the Olympic Games (COHRE 2007), widening 'the gap between those who had adequate housing, and those who did not' (Lenskyj 2002, p. 106). The detrimental social impacts, especially on poor people's housing, are worsened by the unmerciful timeline that a mega-event imposes on its host city. Mega-events are to be prepared in a relatively short period, which suggests that the degree of intervention in urban space is intense. Host cities are therefore often tempted to evade existing regulations in order to excel in its preparation and meet the deadline. As Lenskyj (2000) argues:

Unlike other urban renewal projects, a world fair or an Olympic Games had an unforgiving deadline for the construction of venues and the completion of infrastructure supports. Local politicians and boosters often used the excuse of hallmark construction to bypass the usual stages in urban development applications, including social and environmental impact assessment, public hearing, etc. (Lenskyj 2000, p. 105)

### 3. What did the Beijing Olympic Games mean to Beijing residents?

As mentioned earlier, Beijingers overwhelmingly welcomed the hosting of the 2008 Summer Olympic Games when the city entered in the bidding competition (Close *et al.* 2007, p. 87). The social impacts of hosting this mega-event, however, would be unevenly shared among local residents in Beijing. This section first discusses the drivers of Beijing's Olympic Games hosting, and then examines the social impacts by looking at the price increase in the real estate market, the commercial success of the Olympic village, and the displacement of poor residents and migrants through demolition and redevelopment.

### 3.1. Drivers of Beijing Olympic Games

The argument that mega-events are inherently political events is often adopted to explain mega-event hosting by cities in the developing world. In the case of the 2008 Beijing Olympic Games, it has been often argued that the games could facilitate China's transformation into liberal democracy and market capitalism (Close *et al.* 2007). It has also been proposed that the event may have been 'a symbolic invitation to the world that China is open for business and ready for diverse political and cultural thought' (Burton 2001). This argument is built upon the lessons from Beijing's earlier failure to host the 2000 Summer Olympiad. One of the main reasons behind it turned out to be the nation's tarnished human rights record and political oppression on dissidents (e.g., Falun Gong, the religious sect, and former leaders of 1989 uprising in Beijing). China eventually signed the International Covenant on Civil and Political Rights in October 1998, but its image of suppressing dissidents and progressive thoughts has continued (Eckholm 1998). When Beijing entered into the Olympic bid for the second time, the delegates of the International Olympic Committee saw Beijing as host of the 2008 Olympic Games as an opportunity to 'open a country', and, indeed, the bid success was viewed by the Chinese government 'as an international affirmation of the country's program of social and economic reforms' (Longman 2001). This view was also shared by Chinese reformers who had been urging the Communist Party to acknowledge its wrongdoings in the 1989 Tiananmen crackdown. Their argument was that the hosting of the Summer Olympic Games would 'promote China's commitment to human rights and international cooperation' (Liang 2001).<sup>1</sup> The increased exposure of China to the global media through the process of preparing the games would lessen the incidence of human rights violation and mitigate the country's oppressive behaviour against dissidents. In fact, the government made a gesture of openness when it designated three parks as 'protest zones' to allow peaceful demonstration during the Olympic Games period, but it was revealed that none of the applications were permitted and some applicants were even detained in fear of causing public disruption (Branigan and Scott 2008).

In the case of the 2008 Summer Olympic Games, the conventional notion that mega-events are pursued to boost the growth of local economies may require more careful assessment in Beijing's case. Beijing and certainly China as a whole have experienced a rapid economic growth for the past two decades since the implementation of economic reform and open door policies. The average annual growth rate of China's real GDP (at 1990 constant prices) between 1980 and 2000 was 9.8% (IMF Web Database 2008). The national GDP per capita at current prices experienced a surge from 469 yuan in 1980 to 7828 yuan in 2000, an increase by more than 16 times during this period.<sup>2</sup> In Beijing, the municipal economy expanded at a similar but slightly higher rate. Its real GDP (at 1990 constant prices) between 1980 and 2000 increased by an annual average rate of 10.2% (Beijing Municipal Bureau of Statistics 2007, IMF Web Database 2008). By 2001, the per capita GDP of Beijing reached 26,998 yuan (Beijing Municipal Bureau of Statistics 2007, p. 41), which was more than three times the national average. As shown in Table 1, Beijing has been experiencing a booming economy since the early 1990s, outpacing the performance of the national economy by approximately 2–3% margin on average.

Given Beijing's rapid economic growth, it would seem unlikely that hosting the Olympic Games was to boost its local or national economy as was the case for many other Western cities. An official estimation suggests that the Beijing Olympic Games preparation accounts for 'more than two percentage points to Beijing's annual growth since 2003' (*The Economist* 2007a). For Beijing, an additional growth rate might have resulted from the Olympic Games preparation, but it would be less persuasive to define it as the driving

Table 1. Annual growth rates of GDP (at constant prices).

	Beijing (%)	China (%)
Between 1980 and 2006	10.8	9.5
Between 1980 and 1990	8.0	9.2
1990 and 2000	12.3	10.4
2000 and 2006	12.8	9.9

Source: Beijing Municipal Bureau of Statistics 2007, IMF Web Database 2008.

force for pursuing the event. Moreover, although Beijing's share of GDP in China as a whole has been increasing in recent years, it was still less than 4% by 2006 (Beijing Municipal Bureau of Statistics 2007). Given the nation-wide attention to this symbolic event in China, the economic growth of the host city would not suffice as the driver of mega-event hosting. Experiences suggest that more worrying aspects would be the post-Olympic decline of the national and regional economy, as was the case in Tokyo and Seoul, but analysts and officials including President Hu Jintao held on to their optimistic view, having a strong belief in China's strong economic performance (Xinhua News Agency 2008).

In short, as for the driver of the Beijing Summer Olympiad, it would be more persuasive to argue that the 2008 games had been pursued to secure both domestic and global endorsement of China's economic success, and obtain legitimacy of the state and the Communist Party that guided this achievement. This led the country to organize concerted efforts to stage the best Olympic Games ever, which involved the rebuilding of 'new Beijing' for visitors and erasing any signs of 'backwardness'. The demolition of dilapidated dwellings accelerated with the Olympic Games in mind, and the construction of monumental architectural structures, therefore, culminated during the last few years. Examples of these structures included the National Stadium, a new terminal for the city's international airport, a new headquarter of China's Central Television network and the National Theatre. As Christopher Smith (2008) argues, these monumental structures could be interpreted as having contributed to the consolidation of the city officials' political capital as well as their territorial governance.

### 3.2. *Financial windfall through the sale of real estate properties*

Property boom is noted as one of the phenomenon witnessed in host cities (Lenskyj 2002). This is also the case in Beijing where more than half of its investment in fixed assets has continued to pour into the real estate sector. The examination of the investment structure shows that capital flow into the real estate sector has played a significant role in the explosive capital formation in Beijing. While there was an incremental increase in the share of real estate investment in the national GDP, the real estate investment in Beijing skyrocketed from 4.0% of its regional GDP in 1991, to 8.7% in 1994, and then further up to 23.4% in 1995.<sup>3</sup> Since 2001, the share of real estate investment in Beijing's GDP has been between one-fifth and one-fourth (Beijing Municipal Bureau of Statistics 2007). The year-on-year changes in real estate investment, as compared to those of the total investment in fixed assets, are illustrated in Figure 1. The figure indicates an explosive growth of real estate investment in the mid-1990s. The annual growth rate in 1994 reached 70.5% and in 1995, a record high level of 254.4%. This reflected the real estate boom in this period, and the trend had been more or less similar in other major competing cities such as Shanghai



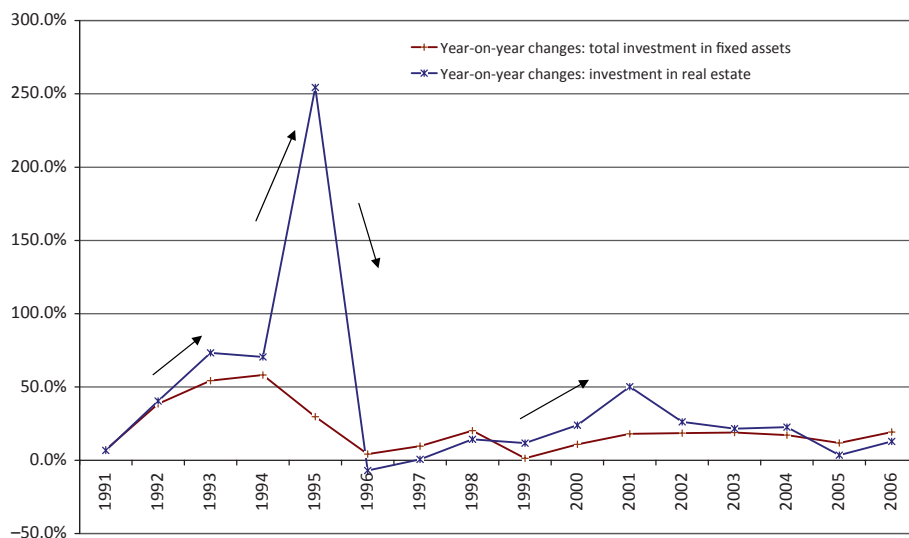


Figure 1. Year-on-year changes of the total investment in fixed assets and its components in Beijing. *Source:* Beijing Municipal Bureau of Statistics 2007.

(Wu 2002a, pp. 155–159). Having recovered from a brief dip in the late 1990s, the real estate investment in Beijing had been expanding at an average annual growth rate of 22% between 1999 and 2006, surpassing the annual growth rates of total investment in fixed assets for the most period. As shown in Figure 2, the real estate investment as a share of total investment in fixed assets has been substantial in recent years in particular, reaching well over 50%.

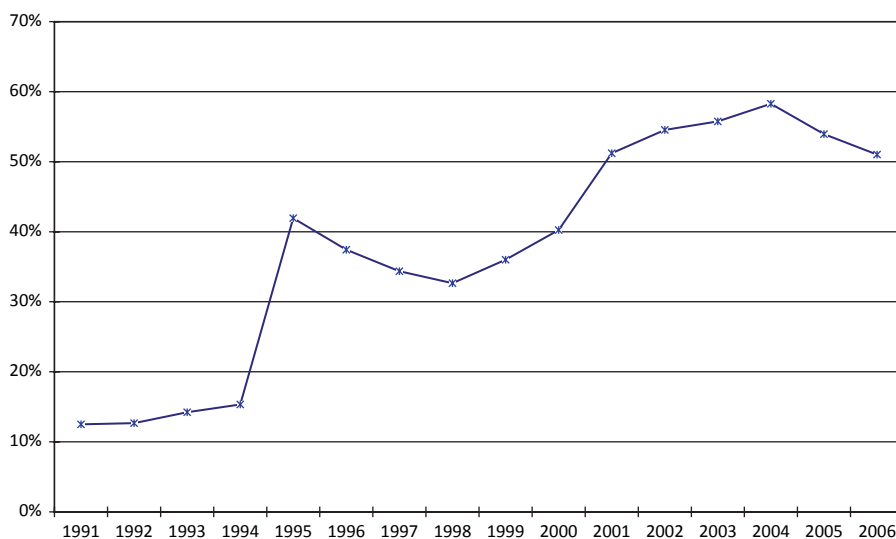


Figure 2. Investment in real estate sector as a share of total investment in fixed assets in Beijing. *Source:* Beijing Municipal Bureau of Statistics 2007.

This leads to the situation in which real estate developers and existing homeowners experience potential financial windfall in the midst of Beijing's property boom during the Olympic Games preparation period. Property agents in Beijing encountered by the author commonly cited the Olympic Games as one of the main reasons behind the property boom. In January 2007, it was reported that 'the property-price index in Beijing rose by 9.9% compared with the same month in 2006', which was 'the second-highest rate among 70 cities surveyed' (*The Economist* 2007a). For instance, the example of a redeveloped inner-city estate indicated a surge of housing price over recent years. This estate (named Haiyuncang neighbourhood) is located in Dongcheng District, and was previously redeveloped according to the Beijing's revised redevelopment policy that called for the provision of affordable housing instead of commercial flats as end products. The author visited the estate as part of a separate study in 2003 (see Shin 2010 for more details about the project). The price of a redeveloped flat supplied in this redeveloped estate was 5000 yuan per square metre, and rehoused residents enjoyed various discounts by taking their working years and household size into account. Usual payment for rehousing was in the range of between 100,000 and 200,000 yuan for a 70-square-metre two-bedroom flat. Its full price would have been 350,000 yuan. This was the price applied to those rehoused residents who moved in between late 2002 and early 2003. Four years later, in March 2007, a revisit to the estate showed that a 70-square-metre double-bedroom flat located on the fourth floor, south facing, was put on a sales notice at the price of 1.2 million yuan, and its monthly rent if rented would have reached around 3500 yuan.

By early 2008, there were worrying signs of real estate downturn, and speculative housing prices finally came to be stagnant. Both individual investors and real estate developers who have held on to their properties may regret not having completed transactions to capitalize on explosive price increases in the earlier years. However, the signs of stagnant real estate prices and decrease in the number of housing transactions did not deter those investors who vied for the lucrative upmarket flats at the Olympic village.

#### *Commercial success of the Olympic village*

From the early stage, housing units provided in Beijing's Olympic village for athletes and their team members were designed to be sold on the commercial housing market, presenting ample opportunities for contractors to reap excessive profits. The municipal government and the Beijing Organizing Committee for the Games of the XXIX Olympiad (hereafter BOCOG) awarded the ownership rights of the Olympic village project, bundled together with the National Indoor Stadium, in November 2003. The project was based on build-operate-transfer (hereafter BOT) basis, indicating that the consortium was responsible for the project design, finance, construction, and operation until the handover of the facilities. The consortium was represented by Beijing Urban Construction Investment & Development Co., Ltd., and its subsidiary called Beijing Guoao Investment Development Co., Ltd. was established in April 2005 to lead the project. The subsidiary's registered capital reached 1.4 billion yuan, each member of the consortium contributing its shares (Jing 2008).

The 27.6-hectare Olympic village was divided into international and residential zones. The international zone offered shops, business facilities and administrative services to the games participants, and, apart from some commemorative structures, was to be converted into green. The residential zone comprised of accommodation flats and other recreational facilities for athletes and their team members. About 1800 flats were provided in the residential zone, and two-thirds of them were already sold in December 2006, well before

their completion, at the price of about 16,000 yuan (or US\$2051) per square metre. It was reported that the consortium did not resort to any bank loans for project financing, and only relied on its registered capital as well as the revenues from the sale of this first batch. Despite the growing concern about real estate downturn, 174 of the remaining 400 units went on sale on 18 September 2008, and 143 units (82%) were sold by early October at an average price of 30,694 yuan per square metre (Li 2008). The flats on sale in September measured from 120 to 287 square metres, which translates into the sale prices of astonishing 3.68–8.81 million yuan per flat. In 2006, these prices would have been equivalent to 64–152 times the average household disposable income in Beijing (Beijing Municipal Bureau of Statistics 2007). As far as the Olympic village is concerned, this would be the most lucrative business in the recent Olympic Games history, and was evidently way beyond the imagination of the Olympic Committees in Sydney (in 2000) or Athens (in 2004).

As for the project costs, the consortium had reportedly spent about 6–7 billion yuan on the Olympic village, but its sale revenue upon project completion surpassed this expenditure by a great margin (Jing 2008). Its proximity to the city centre and surrounding green environment seemed to have appealed to the investors, and early buyers were been delighted to hear the news that the Olympic village, whose post-Olympic name was to change to Dream World 2008 (or *Guoaocun* in Chinese), had received a Leadership in Energy and Environmental Design (LEED) gold award from the US Green Building Council for its environment-friendly design. This was an endorsement for both developers and investors on the profitability of these upmarket commercial flats. The production and consumption of this upmarket residential space, however, went very much against what was experienced by urban poor residents in dilapidated neighbourhoods and migrants' enclaves. While the official theme slogan of the Beijing Summer Olympiad read 'One World One Dream', and the people in Beijing may have shared the same dream in the Olympic world, but the social impacts of the Summer Olympiad were felt disproportionately, reflecting the gaps between their socio-economic positions.

### **3.3. Building a new Beijing through demolition of urban 'eyesores'**

Beijing's intense urban redevelopment has been in place since the mid-1990s, and over the years it has become increasingly profit led. Local authorities have become entrepreneurial in the way in which they pursue urban redevelopment, having vested interests in the growth of urban economy and the real estate sector (Duckett 1998, He and Wu 2005, Shin 2010). Beijing's hosting of the 2008 Summer Olympiad facilitated, if not drove, the process of demolition, displacement and profit-led redevelopment. Previous experiences in other host cities of mega-events in developing countries suggest that slums and illegal settlements are usually the hardest hit.<sup>4</sup> The pressure of meeting fixed deadlines to host mega-events often leads to the bypassing of regular decision-making processes 'in order to fast-track Olympic decision making' (Lenskyj 2002, p. 228).

After two decades of implementing market-oriented reform measures, Beijing appears to have moved from its socialist urban planning tradition toward resembling the experiences of other developing countries in this respect. When the city hosted 1990 Asian Games, demolition and redevelopment was not a norm. In order to keep the eyesores away from the sight of visitors, the municipality erected fake brick walls along major roads (Kristof 1990). Since the mid-1990s, the norm has changed and the city has been swept by real estate boom, leading to the wholesale clearance and redevelopment of dilapidated neighbourhoods. The COHRE estimates that as many as 1.5 million households were

affected by demolition in Beijing between 2000 and 2008, which is much higher than the 640,000 people affected between 1991 and 1999 (COHRE 2007, p. 162). The COHRE also suspects that about 20% of these affected residents would have experienced a significant decline of their living conditions after displacement (ibid, p. 163). When the author conducted interviews with local residents as part of a separate research project in 2003, they were already frustrated by Beijing's rapidly increasing housing prices. They feared that their cash compensation upon displacement, which would be the largest single source of financial resources for finding relocation dwellings, would allow them only to buy a house in remote suburban districts (for more details, see Shin 2007).

Liu and Wu (2006) identify three typologies of poor neighbourhoods that have high concentrations of new urban poverty. These include (1) suburban migrant enclaves, (2) dilapidated work-unit housing estates, and (3) decaying inner-city neighbourhoods. In Beijing, it is these neighbourhoods that have been subject to ongoing urban redevelopment projects (COHRE 2007, p. 159). The new urban poor (viz. economically and socially disadvantaged in the reform processes including those laid off and unemployed as part of state-enterprise restructuring) would have been the most affected in this process. Proponents of mega-sporting events argue that 'the cost of living does not increase in an Olympic city more than in other major cities of the host country and is based on inflation and not on the Olympics' (Preuss 2004, p. 292). However, the execution of a large number of urban redevelopment projects, especially when they target poor neighbourhoods, results in a chain reaction of residents' relocation, which may lead to rent increases if there occurs a shortage of affordable rental dwellings. The following two sub-sections examine these poverty neighbourhoods in detail.

#### *Dilapidated inner-city neighbourhoods*

In the process of city-wide preparation for the Olympic Games, dilapidated neighbourhoods have been the hardest hit by the government move to modernize and cleanse physical establishments that represent 'backwardness'. This move simply represented 'China's quest for modernity' (*The Economist* 2000b). Dilapidated neighbourhoods in the inner city and near suburban neighbourhoods are increasingly characterized for accommodating poorer populations who have been left out of housing reform benefits. Liu and Wu (2006) note that better-off households left their public rental dwellings in inner-city neighbourhoods, which are usually sublet to migrants seeking relatively affordable rental dwellings in central city. These neighbourhoods now show a high proportion of residents who live on means-tested income support and who are unemployed, laid off, old and retired. Due to those neighbourhoods' central location, they are more vulnerable to the invasion of real estate capital and redevelopment projects. Their dilapidation also presents eyesores to government officials and party leaders. These neighbourhoods' demolition and redevelopment are often carried out in the name of housing improvement for local residents, but the result is usually existing residents' permanent displacement, making way for more affluent incomers (Shin 2010).

These neighbourhoods are also the loci of architectural and cultural heritage, but this does not seem to deter local authorities from its quest for 'modernization.' One of the examples was the commencement, from 7 September 2000, of the demolition of the courtyard house of Cao Xueqin, the 18th-century author of 'The Dream of the Red Chamber' for being 'in the way of yet another soulless road that Beijing's municipal authorities want to drive through a centuries-old neighbourhood of narrow alleyways' (*The Economist* 2000b). This represents one of many similar demolition works to be followed in inner-city districts

of Beijing. Forced displacement is not unheard of, and a recent incident includes demolition of three single-storey dwellings, one of which was still inhabited when the work started (*The New York Times* 2007).

The inner-city residents' displacement experiences would differ from those of poor rural-to-urban migrants. The majority of these inner-city residents permanently registered urban households in possession of use rights to their rental dwellings, which were once allocated by the municipal housing bureaux or their employers. They are entitled to compensation, and would be able to use it to finance their rehousing or relocation. Since the implementation of cash-oriented compensation measures in 1998 and 2001, however, the level of compensation has declined by as high as one-third (Shin 2007). The substantial increase in Beijing's housing price during the pre-Olympic period would most likely mean that purchasing a relocation dwelling in the city's relatively central location is beyond their financial reach. The city has become the city of 'haves', driving those 'have-nots' further away from the government attention and certainly from the attention of world media.

#### *Urban villages and threats to migrants' housing provision*

Unlike in other developing countries where shanty towns and large-scale slums characterize urban landscape in times of rapid urbanization, contemporary Chinese cities show a distinctive characteristic imposed by strict land use control. This characteristic refers to the emergence of migrants' enclaves known as urban villages. Developed in the process of suburban expansion of urban built-up areas, they have evolved on rural village lands that became eventually surrounded by urban expansion. Urban villages accommodate a large numbers of migrant populations, who are in need of cheap affordable accommodation, albeit private. Urban private rental market in the commercial housing sector is beyond the reach of most migrant workers and their families due to affordability problems. The majority of rural migrants are found to reside in urban villages located at urban peripheries. A sample survey of migrants in Shanghai in 1997 testifies that nearly 60% of the survey respondents lived in peri-urban areas just outside core built-up areas. In this survey, two in five were in private rental tenure, while about one-third lived in employer-provided dormitories (Wu 2002b). The growth of urban villages owes to several factors: (1) migrants' limited access to urban social services including public rental housing that originates from household registration system; (2) distinctive form of property ownership in rural communes that made villagers *de facto* landlords with a substantial degree of planning control that often evades municipal regulations; (3) migrants' need of cheap affordable housing and village landlords' need for rent income (Wu 2002b, Zhang *et al.* 2003, Wei and Yan 2005). Village *de facto* landlords have reaped the benefits through renting their dwellings that mostly do not conform to municipal building codes. Therefore, urban villages have become the loci of flourishing private rental housing market on urban fringes.

Rural migrants contribute to host cities by helping rural homeowners or some urban residents acquire rent income, and also by providing cheap labour force that enables Chinese economy to have competitive edge in the global market (Fan and Taubmann 2002). Rural migrants, however, constitute 'new urban poverty', with their social characteristics dominated by low-paid jobs, low level of educational attainment, restricted access to urban social services and poor living conditions. For these reasons, some argue that they are now at the bottom of social ladder in the process of social polarization, and that the geographical clustering of migrants' accommodation on urban fringes results in the spatial manifestation of

ongoing social segregation (Gu and Liu 2002). This in turn suggests that the relatively cheap rents found in urban villages are what keep their labour costs low in relation to other urban residents. Manuel Castells and his colleagues once argued that the mass provision of public housing in newly emerging economies, such as Hong Kong and Singapore, owed to the fact that the city-state assumed its role as the provider of collective consumption (i.e., housing in this case), which allowed low labour costs and hence a competitive edge for these economies to survive in the world economy (Castells *et al.* 1990). The same logic may apply to the case of urban villages. The difference lies in that migrants' affordable rental housing is largely provided through (informal) private means.

In Beijing, urban villages have been subject to clearance as part of city-wide redevelopment policy for many years. The local state has been eager to establish its development control over 'illegal' urban spaces (Zhang 2005). To the eyes of Chinese authorities desperate to put the much preached slogan of 'new Beijing, new Olympics' into practice, these settlements were 'eyesores'. Environmental improvement as part of the games preparation was the umbrella term to justify demolition works that aimed at these urban villages and other 'leftover' spaces. A government survey suggested that there were 332 such villages found to exist in inner city and near suburban districts of Beijing in 2002, accommodating more than 1 million residents. It was reported that 80% of urban villagers in these 332 urban villages of Beijing were migrants, but the share of migrants could be higher as many would not have been counted due to their transient nature (Li and Zhang 2006).

How many villages were affected due to the Olympic Games preparation? In late September 2004, the municipal government held a meeting that resulted in a resolution to demolish 231 urban villages located in eight urban districts (known as urban built-up areas) (Yang 2004). The meeting acknowledged the presence of 343 urban villages in total, which was slightly more than what the 2002 survey had identified. Among the 231 urban villages subject to demolition, clearance would first take place in 171 urban villages, which were effectively those located close to the Olympic Games venues or within the fourth ring road. The total area of surface land on which these urban villages stood would reach 6.97 square kilometres. This meant that all those areas in Beijing most likely to be visited by Olympic tourists would be clear of urban 'eyesores' that might obstruct the sight of modern Beijing. The remaining 60 urban villages (out of 231) were to be demolished after the Olympic Games. In order to make sure Beijing was to become presentable, the municipal government set up a special organ called '2008 Environmental Construction Head Office' (hereafter 2008 ECHO) to act as a control tower for all demolition and environmental improvement projects, including the demolition of urban villages. In 2005 and 2006, 114 urban villages were demolished (*The Economist* 2007b), and the task force made sure that the remaining job was completed in time for the Olympic Games. In October 2008, the task force acknowledged that 171 urban villages were demolished and renovated during the previous 3 years, having completed the job in time for the Summer Olympiad (Wang 2008).

It is difficult to obtain the number of villagers and migrants affected by the demolition and clearance of 171 urban villages, and the following is this author's estimate based on existing sources. In 2005, it was reported that 33,935 households, registered as permanent residents, were to be displaced from 231 urban villages (*The Economist* 2007b). Given that the average household size for permanent residents in Beijing is about three persons, the total number of permanent residents to be displaced would roughly be 101,800 people. On average, this would translate into 74,100 people in 171 urban villages. Based on the previously mentioned 2002 survey results (that 80% of residents were migrants), it could be calculated that about 370,500 people including both migrants and permanent residents

were subject to displacement. This is a very rough estimate, but given the fact that the official count of migrants in these villages are often underestimated, the above figure would be enough to provide us with an idea of the sheer size of population in urban villages affected by the Olympic-driven 'environmental improvement' projects.

The demolition of urban villages would have multiple implications. First, given the absence of government policies to provide cheap affordable rental dwellings for rural migrants, the demolition of urban villages would threaten the housing security of migrant population, who would most likely have no other options but to move further away possibly beyond the fifth ring road if they chose to stay in the city and hold on to their existing income-generating activities. This would raise their daily subsistence costs, and worsen their financial situation if their little income from employment did not experience a rise of similar magnitude. Second, the demolition of urban villages would also threaten the income-earning capacity of villagers as *de facto* landlords. Upon displacement, indigenous villagers would be entitled to compensation for their loss of land use right and dwellings, and sometimes offered relocation dwellings (Zhang 2005). However, the loss of opportunities to raise future rent income would pose serious constraints upon their survival. Finding a paid job elsewhere might be a challenge to these villagers. Third, because urban villages provide cheap rental dwellings for migrants that keep their labour costs low, there is a limit that the government could carry on with the complete demolition and clearance of urban villages (or some other settlements of similar type). This owes to the fact that migrant workers are closely integrated with urban economies in contemporary China, and that a large influx of rural migrants is not expected to cease in near future.

#### 4. Taking measures to minimize the costs?

Can we stop the mass displacement and relocation of poor residents? Can we do something about the poor migrants who fail to claim a decent foothold in prospering cities such as Beijing, Shanghai or Guangzhou? For the moment, the odds seem to be against them. This is particularly the case when events like the Olympic Games are promoted, facilitating urban spatial restructuring. In China, the 2008 Summer Olympic Games were received by the Chinese government as a way of 'constructing national identity and pursuing international primacy' (Xu 2006, p. 104). The event had become so symbolic in China that disputing its validity or integrity seemed to be equated with casting a doubt on the legitimacy of the state or the Communist Party itself. Even in more so-called democratic countries of the West, the symbolism associated with mega-events places heavy constraints on the behaviour of dissidents.

Playing host to a high-profile event such as the Olympic games provides an ideal platform for a local development agenda because it allows growth proponents access to the popular symbolism of international sports and makes opposition to development projects associated with those symbols more difficult (Burbank *et al.* 2001, p. 28).

Local residents' participation in bid preparation is rarely witnessed even in the Western democratic countries (see Lenskyj 2002, p. 2, for related references). This has also been the case for Beijing. The public support for the Olympic Games in Beijing turned out to be phenomenal in comparison to other host cities (see Close *et al.* 2007 for references), but this was partly reaction to the city's previously failed attempt in the early 1990s. The massive support for the games did not lead to their active participation in decision-making and planning processes when it came to eviction and displacement. Existing regulations governing

urban redevelopment stipulate that residents are only invited to express their concerns only when they are notified of their neighbourhoods' redevelopment and displacement. The emergence of the term 'nail house' (*dingzihu*) in recent years reflects people's growing degree of frustration. The term refers to those dwellings that stubbornly resist demolition, employing blocking strategy to delay redevelopment schedule in order to have their voices heard. More and more nail houses are featured by some local media that are more sympathetic towards displaced persons (see for example, Yardley 2007). Nail houses represent the dissatisfaction of local residents, which in some social and political circumstances may lead to the formation of anti-growth coalitions opposing the endeavour of growth-oriented local coalitions (Clark and Goetz 1994).

The high-profile nature of mega-events like the Summer Olympic Games makes it difficult for opponents to present counter-arguments. In Beijing, the authoritarian nature of the regime and its media control restrain opposing arguments even further. Olympic boosters emphasize urban image making, which is argued to be effective for winning public opinion (even those of dissidents) by 'manufacturing consent' through media control (Lenskyj 2000). In cities like Sydney, staging Olympic Games is closely related with tighter security measures and policing in the name of anti-terrorism. This, however, also involves 'criminalisation of disadvantage', particularly affecting homeless people (Lenskyj 2002). Sydney witnessed a series of legislation, which 'criminalized poverty, disadvantage and difference, as well as making peaceful protest illegal' (Lenskyj 2002, p. 65).

Beijing was not an exception. Beijing's mayor 'promised to boost Beijing's Olympic bid by "resolutely smashing" troublemakers and by driving out its beggars and others that might sully its image' (*The Economist* 2000a). As early as in 2000 when the city entered into the Olympic bid, campaigns were well under way to regulate people's 'backward' and 'uncivilized' behaviour, including spitting on the ground and cycling bare chested (Rosenthal 2000). Urban villages as explained above were also depicted as sites of outlaws and antisocial behaviour, 'as rife with drugs, gambling and prostitution' (*The Economist* 2007b). A greater degree of policing and security control had been put in place. For instance, Re-education through Labour (RETL), which was criticized as being a major social cleansing programme during the period leading up to the opening of the Beijing Summer Olympic Games (COHRE 2007), had 'expanded to include people conducting unlawful advertising or leafleting, operating unlicensed taxis or unlicensed businesses, vagrants and beggars' (p. 167). It was feared that the attempts to present a clean city would include the hospitalization of 'the mentally ill to remove them from the streets before the Olympic Games' (*ibid*).

## 5. Conclusion

Mega-events are said to draw people's attention away from domestic troubles. The glamour of these events tends to hide the grim reality of cities and project a new polished image to the onlookers. As discussed in this paper, the demolition works and local poor residents' displacement would have contributed to the loss of affordable dwellings, growing degree of inequality and social polarization. It is very likely that the displacement of inner-city residents with urban household registration (*chengshi hukou* in Chinese) would push them towards becoming private sector tenants in inner-city districts. At best, the displacees would become homeowners in remote suburban neighbourhoods where cheaper housing prices come with detached social network and, very often, lack of social services and amenities. Those who were fortunate to have become homeowners during the reform period might have experienced a surge of their property assets. The residents in redevelopment



neighbourhoods facing displacement, on the other hand, had been excluded from enjoying the benefits of housing privatization and homeownership promotion in the earlier reform period (Wu 1996). Since many urban residents have already become owner-occupiers by benefiting from various reform measures throughout the 1990s, it is highly probable that future displacees from dilapidated neighbourhoods would continue to remain very much disadvantaged socially and tenure-wise in future. Ongoing residential redevelopment projects would hardly present a pathway for the residents to overcome their marginality.

With regard to Beijing's urban villages, Beijing seems not to have learnt from the experiences of Seoul or many other developing countries. Mass eviction from and demolition of dilapidated informal settlements diminish urban housing stocks that provide cheap and affordable means of accommodation for poor residents and migrants for whom the government has failed to make adequate housing provision. The short-term gains of demolition, such as urban landscape beautification, may provide Beijing with the kind of urban image the government desires. It is, however, difficult to predict that informal settlements would completely disappear from Beijing's landscape. As noted earlier, the emergence of Beijing's informal settlements had its own economic logic (cheap accommodations, landlords' desire to gain private rent incomes, property rights division, etc.) that has been integral to the economic and social development in recent decades. Given the assumption that rural migrants would continue to flow into cities and into Beijing for more economic gains, cities like Beijing need to find a way to accommodate these migrants, and demolition of urban villages certainly goes against it. The demolition of urban villages would simply lead to the emergence of new migrants' enclaves elsewhere or to the densification of existing ones. Migrant workers and their families would thus continue to 'float' around within the city, after having 'floated' from their place of origin.

The state has failed and is likely to continue to fail to make full provision of affordable means of housing without raising their labour costs. The collective consumption of low-cost housing through public expenditure was what propelled the economic growth in places like Hong Kong and Singapore by keeping the labour costs low (Castells *et al.* 1990). This may also be applicable in the context of Beijing and other Chinese cities, where low costs of migrant labour contribute to the economic growth of these cities and the nation as a whole. In this respect, the presence of urban villages is an essential element in the economic growth and prosperity of Chinese cities. Without the state coming up with a more dedicated policy to support the growth of affordable low-cost housing for these migrants, urban villages as urban footholds of migrants would continue to refuse extinction. As the Beijing Olympiad has been a top state agenda to conclude a chapter on China's modernization drive (Xu 2006), disputing the Beijing Olympiad to minimize the social costs is not likely to attract positive attention from the government. It is probable that this situation would be replicated in other cities such as Shanghai and Guangzhou that are to host the 2010 World Expo and 2010 Summer Asian Games, respectively.

How can we minimize the social costs of mega-events? Kasimati (2003) contends that economic impact analysis needs to include the opportunity costs involved in hosting mega-events, as local communities 'pose the question of whether financing the Games is the most effective and efficient use of public money' (p. 442). This is also related to the way in which public money is spent. It was reported that the majority (53%) of the Olympic-related costs to host the 1988 Seoul Summer Olympic Games was covered by public money (Kim *et al.* 1989 cited in Preuss 2004, p. 16). The final financial statement of the Beijing Olympic Games was not available at the time of writing this paper, but sporadic reports have begun to suggest that the 2008 Summer Olympiad would be the most expensive Olympic Games in recent history (Broudehoux 2007). The deputy secretary general of

the Beijing municipal government was reported to have revealed in a press conference on 4 August just days before the opening ceremony that the city had spent about 295 billion yuan (approximately US\$43 billion) from 2001 (Wang and Sun 2008).<sup>5</sup> He claimed that 280 billion yuan went into infrastructure, transportation projects (e.g., metro expansion and modernization), water supply and environment projects between 2001 and 2007. About 13 billion yuan were said to have gone into the construction of new stadiums and temporary venues as well as renovation of existing stadiums, and the remaining 2 billion yuan were the expected operational costs (*ibid*). It is not clear whether or not the total investment cited by the official includes private sector contribution (such as the BOT projects to build stadiums) or refers to the government expenditure only. What is evident, however, is that a significant amount of public money went into the demolition-led ‘renovation’ of urban villages. Back in September 2005, the then director of the Beijing Municipal Commission of Development and Reform had reportedly claimed that 15.5 billion yuan or about US\$2 billion would be spent on the renovation of urban villages by 2008 (Ma 2005). Local poor residents and in particular migrants, who were displaced due to the demolition works, would legitimately argue that such investment should have gone into giving greater consideration for their housing welfare.

Mega-event hosting leads to the creation of expensive sporting facilities and consumer spaces that are beyond the reach of those unable to partake in their consumption (Gratton *et al.* 2006). The pursuit of and preparation for the 2008 Summer Olympiad took place during the period of Chinese economy’s strong expansion and global integration. It may be debatable if China would have followed the same path of lavish spending as was the case in its preparation for the 2008 Summer Olympiad in times of domestic and/or global economic downturn, which would have posed constraints for both the state and private sectors. As far as the issue of housing security for the urban poor is concerned, the lack of attention paid to the preservation and expansion of affordable housing stocks for Beijing’s poorer populations could hardly justify the city’s public expenditure. Rather than rebuilding cities for visitors, it is necessary for the government to view the presence of inner-city neighbourhoods and urban villages within a framework of wider urban policy contexts, acknowledge the importance of the presence of migrant population, and recognize the needs of coming up with a long-term sustainable policy stance to provide and consolidate affordable housing for its poorer residents and migrants. Otherwise, the present practice of demolishing and redeveloping dilapidated neighbourhoods and in particular urban villages would merely shift poor residents from one place to another, which may only impose on them greater hardship.

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### Notes

1. The experience of the 1988 Seoul Olympic Games is an oft-cited example by many critics to show that mega-sporting events facilitated democracy in a host country (Greene 2003).
2. According to the representative exchange rates from the International Monetary Fund, US\$1 was equivalent to 8.3 yuan in December 2000, 7.8 yuan in December 2006, 7.4 yuan in December 2007, and 6.8 yuan in September 2008.
3. The investment in the real estate sector constitutes part of total investment in fixed assets in Chinese statistics. The real estate investment has been reported in the statistics as a separate

item since 1990, and ‘refers to investment in the development of properties that can be sold in markets (commonly housing and offices)’ (Wu 2002a: 157). Other major components of the total investment in fixed assets include (1) investment in capital construction (i.e., new construction); (2) investment in innovation (i.e., addition to the existing assets); (3) other investment by state-owned enterprises and collectives (ibid).

4. See, for example, the well-documented experiences of private tenants in Seoul who were brutally evicted against their will (Kim 1998).
5. Anne-Marie Broudehoux (2007) also claims that the total investment in the 2008 Summer Olympic Games would reach US\$40 billion, which is ‘three times what Athens spent, and more than all the Summer Games since 1984 combined’ (p. 384). Her paper, however, fails to clearly indicate how this calculation has been made, and it seems that the total amount of investments she refers to may be the sum of total project costs for key Olympic projects including the National Stadium, National Swim Centre, and a capital airport (new terminal), many of which actually proceeded on previously mentioned BOT basis. Nevertheless, this does not conceal the fact that the Beijing Olympic Games have been the most expensive Olympic games in recent history.

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