

Producer Services in Xi'an: Inner China Rising

1. Introduction

The presence of businesses that primarily provide sophisticated services to other businesses is widely acknowledged to be an important indication of the advanced level of an urban economy (Beyers 2002, Daniels 2005). While work continues to emerge on the state of producer services in rapidly developing countries such as China, case studies are largely confined to the most advanced east coast metropolitan areas (Gong 2002, Han and Qin 2009, Yi et al., 2011) rather than inner China cities most representative of the country's future domestic development. Application of a classic tenet in economic geography yields the underlying question animating this study: If "place matters", what is it about that place that matters? Are similarities and differences among producer service functions in various places an outcome of developmental stage, city size/ population, amount and types of companies, the number and specialties of college graduates, presence of non-local/ foreign businesses, historical predisposition of the political-economic environment, a combination of these or other factors? Can theoretical projections based on observations of economic behavior in a more advanced setting be applied to similar economic entities in another developmental stage – or do different settings create their own processes that should be considered separately and even "theorized back" to modify previous understandings by using a richer set of behaviors (Yeung 2007)?

Relatively highly educated individuals performing relatively sophisticated functions primarily for other companies in areas such as finance, computers, information generation and delivery populate the producer services sector. While an agreed upon comprehensive definition of producer service companies remains elusive, areas seeking to accelerate their economic

modernization – whether in the interest of creating jobs, upgrading their existing economic base, or obtaining prestige points perceived to accrue from a higher level of function – often point to statistics indicating the presence of factors conducive to producer services: percent of college graduates in their population, proportion of tertiary service-providing companies or value added to their economy created by these companies. The exact type of companies counted in the local set of important producer service firms usually reflects the predominant mix in that area (city, metropolis, state/ province, country). Assessing the presence of producer service functions measures the modernization of a municipal, state, regional, national economy, and one that political powers frequently seek to advance. Multinational companies view China as providing a work force and a market largely for manufactured goods, with closely associated service components (Li 2011). In the eyes of Chinese companies foreign firms provide employment for locals and learning opportunities for natives to upgrade skills. The national government sees this as an expected outcome of education preparation in a two-track combination of modernization through both foreign direct investment (FDI) firms and cultivation of local companies (Walcott 2003). Producer services in Asia Pacific countries are targeted to promote development in a specific area, particularly those closely linked to manufacturing sectors and thus to urban regional growth (Daniels, et al., 2005).

Steps taken to encourage the creation and health of a producer service sector are also generally acknowledged, though utilized in different combinations frequently reflecting the availability of capital, political will, and a pre-existing economic base in order to attain the desired outcome. These implementation plans produce their own urban spatial effects and features, including the creation of areas set aside to attract particular desired categories of companies by creating targeted land, tax and zoning incentives. Generally conceded desirable

spatial configurations reflect human and economic efficiencies such as minimizing physical distance and time to traverse space between clients of producers, and between producers of like services (Lundquist et al, 2008). Financial institutions, for example, tend to locate in urban cores, thus attracting related service companies created to provide functions needed by financial institutions such as accountancy. Producer service firms serving or needing access to universities such as computer companies – whether for labor elements and/or facilities – often locate proximate to higher education institutions. Communication intensive companies in turn seek to be on high capacity internet lines to facilitate speed and size of information units sent (Mack et al., 2011). Highly desirable and competitively well compensated workers in these firms also seek attractive amenities such as upscale and affordable housing, retail, and entertainment facilities which areas strive to provide in convenient locations. Another major tenet of geography acknowledges the uneven distribution of characteristics, and creation of these competitive features all come at a steep price. Given, for example, a general (though far from universal) human preference for being close to water as an attractive physical attribute, does that mean that producer service locations will predominantly concentrate in areas with easy access to a coast, lake or major river? And if this is the case, what happens to interior areas lacking the luck of location, bereft of water bodies of consequence, despite doing their best to construct other attractive factors? If you build it, who will come? And are these all that matter about a place?

The next sections consider the case of China, one of the most rapidly developing countries in the world at present, by using the location and attributes of producer service functions to assess the outcome of major Chinese political economic policies that seek to promote the growth of this leading sector, then promote its geographic distribution to raise the development level of regions throughout the country. The metropolitan area of Xi'an, a former

capital of China in its earliest stage of becoming a country and long the hub of development in the northwest section of inner China, is examined as a case study of contemporary producer services growth on the periphery of the flourishing east coast region. The major question addressed, following the description of Xi'an's condition and its situation relative to other major Chinese hubs, is whether place matters. Is Xi'an, in other words, just Shanghai, Beijing or Guangdong at an earlier stage, or representative of another model more indicative of interior regions? It is argued that the concentration of foreign invested firms with their high endowments of financial and experiential knowledge accelerated producer services needs and provision in these early-developing east coast metropolitan areas, while Xi'an's reliance on locally generating and retaining knowledge and knowledge workers provides a scenario much more typical of the rest of China. The extent to which geography is important, rather than linear, cyclical, or path dependent modular, will be examined in this study of a city that represents the middle tier of China's major urban areas along with Chengdu, Chongqing, and Wuhan, aspirants for development to satisfy the economic drive of their own populations within China's vast continental interior (Walcott 2007).

2. Context: Producer Services in China

Early and rapidly developing Asia-Pacific countries such as Japan and the famous "Four Tigers" of Taiwan, South Korea, Hong Kong and Singapore promote the development of advanced service sector companies in their major urban metropolises, providing a success model for the aspiring "world power" state of China (Park and Nahm 1998, Hutton 2004, Jiang 2011). Underlying human and economic features appear to be pushing a converging pattern over time, leading to provider-client clustering across the globe that reassures businesses far from their

home base by co-locating them with familiar suppliers to assist in their production and service functions (McGee 2009). Service providers tend to be smaller and thus more mobile than the capital intensive and spatially embedded manufacturers they serve. Enhanced spatial diffusion accompanies their increased outsourcing of functions deemed less central to the core mission of a firm and duplicative in the locale where the firm is situated (Lundquist et al., 2008). Local service firms provide an additional insider's knowledge function from familiarity with local regulations and enforcement culture, particularly important in China where the bilingual ability of intermediaries used by foreign firms is often considered less important than ties to the state bureaucracy.

Indeed, Chinese producer service analysts interpret the nature, nurture, and uses of this sector in a politically cognizant framework sensitive to the state of China's development relative to that of European and North American countries (Cheng 2011, Li 2011). Producer service clients featured in Chinese authored studies often specifically include both agricultural and government sectors, minimally involved and rarely mentioned in studies by researchers in countries at a more advanced economic stage that have far less government presence in the economy. Although current Chinese policy supports the disengagement of government from its characteristically strong involvement in the economy, the picture within producer services indicates the importance of government support and the immaturity of vital sectors. Categories of economic activity in China with over 75% of firms classified as services include (in order) public administration, health, education and real estate. Areas with under 50% of their firms classified as services (from highest to lowest) include research and development, business services, integrated technology, transportation and financial services – the major areas within producer services (Li 2011). Emphasizing the “productive” nature of producer service contributions to the

economy becomes necessary to gain the attention of policy makers focused on nurturing the most impactful sectors. Including the increasing specialization of economic functions as a desirable feature of modernization assists in recognizing the important function played by producer services, seen in this light with the emphasis on production and enabling higher level high tech businesses rather than just supplying peripheral supporting services. Training managers with relevant skills to manage these sectors remains a challenge across the country – and a contribution of foreign firms with more explicit education and experience. Recognition of the role of producer services in developing industrial clusters targeted for government preferential support in particular regions flows from the acknowledgement of their critical intermediate function enhancing firms' productivity. The role of producer services attracts increased attention as Chinese planners prioritize pushing the country's economic level up the value chain. A major step in this direction involves encouraging the development of domestic producer service providers in such areas as finance, design, consulting and R&D intensive activities (CCID 2010). While coastal companies focus on production for global markets, interior firms focus on the domestic market, so different levels of sophistication can be sufficient.

This research utilizes a data set of firms in grouped categories affiliated with Chinese producer services that have been used in relevant previous publications and presentations (Daniel 2005, Yi, et al., 2011). Maps (Figures 1-3) reflect the presence, composition and location of service industries across China as well as within Xi'an (Figures 9-11). Drawing from data in the China 2004 Economic Census Data combined with county maps (China Research Center 2011), Figures 1-3 display the location of producer service firms in concentrations labeled computer (computer systems, data processing, maintenance and related services), software applications, and financial (securities, brokerage, investment, analysis, leasing, trust and management and

related financial services) fields. Firms in information and consulting services such as legal, insurance, advertising, accounting, market research, intellectual property and professional intermediary, business services and consulting were too widely spread across the country to show distinguishable distribution patterns, though a clearly discernable drop-off occurs from Gansu through Sichuan west of Chengdu, with firms in those areas largely running along the highway from Ningxia through Xinjiang north of the Taklimakan. Data indicating employment numbers provide a better measure of concentration strength, but are unavailable nationwide at the firm or subsector level so firm count is used instead as some indicator of relative location attraction.

Producer service firms assisting computer-related companies (Figure 1) are clearly concentrated along the development-leading east coast, particularly in the Shanghai-centered Yangtze River Delta (YRD) area, the Beijing-Tianjin Bohai rim (BR), the Guangzhou-centric Pearl River Delta (PRD) and Sichuan Province's leading city of Chengdu. Xi'an anchors a line running east through Luoyang and Kaifeng. Financial producer service firms again demonstrate the strength of the three east coast clusters, as well as the Chengdu and Wuhan interior China clusters. The locations of software producer service firms continue the clustered patterns in the same locations, confirming the identity of relatively sophisticated urban economies. While Beijing dominates in this category, reflecting its early lead as the location of Chinese software development and major universities in this specialty, the YRD to PRD east coast forms a bent barbell or necklace with end clasp concentrations. Wuhan, Xi'an and Chengdu-Chongqing again lead development in China's interior.

(Insert Figures 1-3)

Table 1 compares the number of producer service firms in the five major sectors of computer, consulting, financial, software and legal services across the three major east coast cities of Shanghai (Yangtze River Delta region), Beijing (Bohai Rim region) and Guangzhou (Pearl Rim Delta region) with the four major western region cities of Wuhan, Chongqing, Chengdu and Xi'an. As evident in the population column, the size of these cities ranges greatly from Shanghai (14.2 million) to Xi'an (2.2 million). In order to make a more equitable comparison of the number of producer service firms in each sector a projection of firm number 'expected' based on the city's percentage relative to Shanghai's population is provided in parentheses for comparative strength. Beijing, for example, with a population 72% that of Shanghai, slightly exceeds the projected number of computer producer service firms by 445 companies, considerably exceeds the number of consulting firms by 4,139, and greatly exceeds by more than double the number of software and legal service companies compared to Shanghai's distribution. Guangzhou's weaker numbers reflect both its manufacturing rather than services prowess, and possibly its propinquity to Hong Kong as a service provider.

The western region provides far fewer producer service companies overall – note that the three eastern cities represent almost half of the nation's consulting and software service firms, while the western combined total percentages for these four large metropolises are in the low single digits (3% to 5%). The development level of Chongqing, given its size of one third that of Shanghai, is starkly sparse compared to the city anchoring the other end of the Yangtze river. A few exceptions include Chengdu's strength in legal services – and much stronger showing overall compared to relatively nearby manufacturing-heavy Chongqing – and Xi'an's strength in software services. As detailed further in the next section, both Chengdu and Xi'an harbor a number of higher education and research institutes that raise their level of human capital for

producer service development. Although Wuhan's total of producer service firms exceeds those of Xi'an in every category, the numbers are not commensurate with the relative size of its large population.

(Insert Table 1)

While numerous case studies continue to illustrate this repeating phenomenon, questions remain concerning the place-fixity of these firms, with little research focused on the "black hole" of mid-tier cities (Short 2004). Given the effects of service industries on creating as well as supporting and upgrading employment and societal as well as economic changes that result from the formation of a middle (and upper middle) class, Chinese policies consciously seek to extend the benefits evident in the east coast growth centers of Beijing and the Yangtze-Pearl River delta areas to lagging inland areas. Measurable differences in service sector concentrations exist in major Chinese cities, reflecting a predictable combination of historic strengths, political decisions, and local innovation spillovers (Shahid and Nabeshima 2010). At the turn of the 21st century service sector employment supported more than 40% of the working population in less than half a dozen Chinese cities, including Beijing, Shanghai, Guangzhou and 'rustbelt' Shenyang (Gong 2002). The next sections of this chapter examine whether attempts such as Jiang Zemin's "Develop the West" policy, announced in June 1999 in Xi'an, shows evidence of success as measured by the growth of advanced services in the city of the policy's debut.

3. The Experience of Xi'an

Considered the hub of contemporary China's northwest region, Xi'an served as the capital of the Great Wall builder Yellow Emperor's Qin dynasty and as the national capital for 1,000 years. It anchored the Chinese end of the Silk Road, whose function as a corridor of new ideas in turn

influenced its location as the birthplace of Cheng Ho, China's greatest admiral and a Moslem. Physically Xi'an sits atop the Weihe plain on the leeward northern dry side of the Qinling Mountains separating China into the wheat and noodle eating north and the wetter rice regions of the monsoonal south. Its position close to two rivers flowing through this dry area marked it as a good city site, commemorated by archaeological finds at China's oldest known settlement at Banpo, between contemporary Xi'an and the Terracotta Warriors pottery site by the Qin founder's gravesite.

Cultural elements evidence the city's orientation between the Han Chinese majority population to its east and the western lands to its west: a stele proclaiming eternal peace with Tibet erected when that country invaded China's capital at the time, China's largest and still active mosque erected to honor Cheng Ho during his lifetime, and food with distinctive Middle Eastern elements. Xi'an's independent inclinations, induced by remoteness from China's capital of Beijing, established by the northeastern frontier Mongols, played a part in its prominence during three Revolutionary War era events. The kidnapping of Generalissimo Chiang Kai-shek by a local warlord in a futile attempt to force him to fight the Japanese invaders, historically referred to as "The Xi'an Incident", is commemorated by markers. The second historical role of contemporary geography lies in the city's gateway location to the south of Yenan, the refuge for the remnants of the early Chinese Communist Party following their violent expulsion by Chiang's forces from their birthplace in cosmopolitan Shanghai to the loess depths of bomb-proof caves in northern Shaanxi province. The third distinction was the city's selection as a major Third Front location selected to receive technical universities and heavy industries also relocated from coastal Shanghai in case American-supported Chiang sought to invade coastal Red China from his redoubt in Taiwan (Naughton 1985).

Xi'an and other Third Front relocation cities entered the new era of self-opened China with a credible manufacturing base composed of remnants from the past that would be useful if properly utilized in a new tertiary sector based round of growth. Prior to the "Develop the West" policy's infusion of capital and planning attention, Xi'an's abundant technical college graduates largely migrated elsewhere for employment, from east coast Chinese cities such as Shanghai to California's Silicon Valley (Shi et al., 2004). Retaining locally raised talents thus became critical for fuelling the development of their home region, since it would be even more challenging to attract non-local technical graduates. Links with its military-industrial past carry over into the official six major economic strengths of high technology (especially aeronautics), tourism, culture and education, equipment manufacturing, software and producer services (Hulme 2006). Although some of the largest factories were historically connected to the People's Liberation Army and run as state owned enterprises (SOE), which tended to produce little profit or innovation, the "military to civilian" policy promoted transfer to more market-oriented goods and provided a source of guidance for incubator infant companies under "returned" (at least one year of college abroad) or local students (Zhao and Zheng 2004, Walcott 2010). The next section explores the city's urban economy in more detail, including steps implemented to retain the most competitively desirable and mobile labor segments.

3.1 *Economy*

By the end of the first decade of the 21st century Xi'an's growth in disposable income, an indicator of middle class advancement in particular, grew more than that of any other Chinese city – a reflection of Xi'an's lower base numbers but also its boom in response to the 1999 proclamation to "Develop the West". Xi'an continues to proclaim its role as a developmental "bridgehead" to the western regions, pioneering the founding of university-linked high

technology industrial parks and serving as the leading city in the Guanzhong High-technology Development Belt (Zhao and Zheng 2004, Walcott 2010). As an exemplar of cutting edge business development and policy implementation, the Xi'an High Tech Industrial Development Zone, established as a national scale entity in 1988, features two producer service sectors ("software and service outsourcing" and "innovative services") on its list of eight clusters (www.xhtidz.org). According to survey evidence, only 16% of Xi'an's 5,100+ producer service firms existed prior to 1991 (Walcott, Chen and Li, unpublished report).

Growth in GDP among major west China cities including Xi'an, Chengdu and Chongqing (referred to as the "West Delta") at 14% exceeded both the national average and that of east coast cities (Kwan and Knutsen 2010). Foreign direct investment and producer service companies highly concentrate and substantially fuel economic growth in the largest east coast cities, while over 90% of the firms in Xi'an's High-tech Zone are Chinese. Nevertheless, according to the latest national economic survey in 2006, more than 2,250 foreign firms - including over 30 in the Fortune 500 list - from almost 60 countries transacted business in Xi'an (Hulme 2006). Hong Kong firms predominate among the FDI companies, but Japanese, U.S. (Ford Motors), Canadian, and Dutch (Philips) are also present. Greatly improving transportation access within the city and to other areas for both personal travel and product shipment via roads, rail subway and airport travel remains a major economic target and a priority for attracting more FDI participation in particular.

(insert Figure 4)

Of the three major producer services sectors prominent in Xi'an, information provision growth exceeded computer and financial service employment in the decade from 1997-2006 (Figure 4). Components of each sector include the following, in order of employment prevalent

in the city of Xi'an: 1) information consultancy, composed of advertising, notarization, accounting, law, auditing, statistics and related consulting; 2) computer services along with software and data processing and database services; and 3) financial services, including banking, insurance, securities trading and mortgage brokerage. Information consultancy companies require close connection to their service providers and sources of profitable information, so their concentration in the university district on the south side of Xi'an is to be expected. The University Park zone consists of both instructional campuses – several located from more space-constrained quarters inside the city walls – and their affiliated high technology zones catering to their students, alumni and faculty. The spacious grounds of the new campuses allow construction of facilities that seek to deliver a contemporary inspiring message by drawing on ties to China's past, as illustrated by a large statue of the Sage of Zhou in front of a library (Figure 5).

(insert Figure 5)

The same location ties apply to the second highest producer service employment sector of computer services, concentrated even more tightly within both the high-tech and university research areas. These zones, along with nationally ranked Science Parks such as a software, environmental protection science, and technology park complex, are on the south side of the city. Open land used to build these office complexes also contains retail, residence and entertainment quarters (Figure 6). Planners envisaged such facilities supporting a sense of community, housed in upscale “villas”, but frequently occupied too intensely during the day to patronize the under-utilized retail outlets. Government largess continues to flow into Xi'an's developing high end service sector, as with the award at the end of 2010 of 35 million renminbi to build a producer services entrepreneurship district within the Xi'an High-Tech Zone (China Daily 2010). The

urban spatial outcomes of economic development plans are reshaping the city internally and on its edges, as discussed in the following section.

(insert Figure 6)

3.2 Producer Services Spatial Distribution and Urban Economic Maturation

The most distinctive feature of Xi'an consists of the wall entirely surrounding its historic urban city, considered one of very few remaining in China. The central city core contains the financial concentration typical of service sector distribution, reflecting the usual location of finance, insurance, real estate (FIRE) and legal activities that feed each other, deriving proximity from similarity in type of customer and demand for supporting activities (Walcott and Chen 2010). Housing for financial sector workers also proximately concentrates along the second ring road circling the walled central core, providing highly desirable convenient work site access.

(insert Figure 7)

Similar to Chongqing's plans for a new "North City", plans for Xi'an's future spatial layout driven by economic attraction include a new city center and business district for financial firms to be located beyond the confines of the wall, north of the city (Figure 7). Branches would remain to serve well-paid office workers, tourists and other transient traffic catered to by new hotel chains and a below street level mall including imported goods, a Starbucks and a very upscale Kentucky Fried Chicken outlet (Figure 8).

(insert Figure 8)

Location Quotients are useful for assessing the relative concentration of a particular type of company in a particular scale of area, usually comparing a smaller category to a larger category of companies and a smaller scale to a larger scale of place. Results scoring higher than

1.0 indicate a higher than average concentration of a particular economic sector within a particular designated area. Measuring the relative concentration of producer service firms by subsector within Xi'an's inner city uses the following equation to assess change over the most recently measured eight year period, using the Yellow Pages of the telephone directory to locate and classify producer service firms:

$$LQ = \frac{E_{ij} / E_i}{E_{kj} / E_k}$$

In this case E_{ij} represents one of the producer services sub-sectors (financial, information, consulting, computer services) in the city center of Xi'an; E_i represents the total number of service enterprises in the city center; E_{kj} represents the number of enterprises by industry sector (finance, insurance, information consulting, computer services) in Xi'an; E_k represents the total number of enterprises in Xi'an. Table 2 provides the outcome from the relative concentration of these companies over the years from 2002-2010.

(Insert Table 2)

According to these results the subsector of information consulting increased its already significant concentration in the center city over the time period, while finance and insurance firms de-concentrated. Computer service firms became even more dispersed outside the city core, where they were not previously concentrated highly. This development reflects the increasingly segmented nature of firms as city businesses and residences spill out and are newly built in peripheral areas outside the traditional city walls. Information intensive firms (government, law, media) continue to congregate in the inner city, particularly in new office towers (see Figure 9). Access to information intelligence and transportation facilities, inter-industry competition and cooperation (co-pete) are the key considerations for the location of this

sector. Xi'an's firms concentrate near famous law firms and are comprised of more than 80% by advertising firms serving business consultation. Their location along the major arteries of Peace road, North Street, West Street, and Duanlumen South Street are well known for their clients in both business and government. The large shapes in the center of the four cardinal directions are the city gates (larger due to the watchtower structures); the central structure interrupting the largely straight run of streets within the walled city indicates the government (provincial and municipal) center and plaza.

(insert Figure 9)

Figure 9. Distribution of Information consulting firms in the city center zone of Xi'an

Finance and insurance firms such as the Bank of East Asia, Shanghai Pudong Development Bank, and Huaxia Bank follow their customers to new housing and business locations, providing conveniently close branch offices and credit unions for diverse needs. South Street contains the highest concentration of banks within one kilometer: Construction Bank, Industrial and Commercial Bank, Agricultural Bank, China Merchants Bank, Minsheng Bank, China Everbright Bank and many other banks. Personal and property insurance institutions such as Pacific Insurance, Huahong Hong securities and other large insurance companies stretch along South Street along with securities firms also concentrated here. Currently, South Street is one integrated region such as offices, shopping, hotels, but its business features is gradually diluted. Up to 200 producer service units congregate on North Street and West Street, along a particular side of the street in almost all cases (see Figure 10).

(insert Figure 10)

Figure 10. Distribution of financial and insurance firms in the city center zone of Xi'an

Computer service firms continue to address their market in the new high tech-industrial parks on the southern edge of the municipality. Within the city, firms in office buildings such as the China Digital Building and Smart Square provide telecommunications equipment maintenance, computer maintenance related functions. Companies are frequently small, leading to a lack of scale advantages flowing from a large number of clients, but maintaining enterprise competitiveness by speed of response and addressing their natural client bases in the city's central zone (Figure 11).

(Insert Figure 11)

Figure 11. Distribution of computer service firms in the city center zone of Xi'an

Outside the city wall, the main zones for high end companies are the Xi'an Economic and Technological Development Zone (ETDZ, established in 1993 and elevated to a 'national' level zone in 2000) and the Xi'an High-tech Industrial Development Zone (established 1988, national level in 1991). A particularly high number of foreign companies choose to locate in this zone. A new national level zone (established in 2004) is dedicated for aviation development (Hulme 2006). Xi'an's latest urban plan resembles the configuration of a checkerboard with various distributed centers of business concentrations. One of several subzones within the ETDZ focuses on FIRE service companies, hoping to attract another concentration in addition to the oldest one downtown and the new city cluster north of the walled core city. Clusters of client-provider service companies characterize Xi'an's spatial economy in distinct locations that reflect the concentrations of businesses, universities and related amenities there (see map Figure 12).

(Insert Figure 12)

Some of the service sector affiliated locations reflect an earlier attachment to *danwei* manufacturing employment concentrations that continue to be important job and benefit mechanisms, such as the textile sector on the city's eastern edge (Xie and Wu 2008). The basic draw for high level service and technology companies consists of the northwestern city's low costs relative to the east coast and its deep pool of technically trained labor, which government planners seek to tie to the area with good job and quality of life prospects rather than fleeing to the bright lights of the capital or delta cities.

Concentration of producer service sectors within the city center – evident in its rectangular boundaries and guard house structures in the middle of each wall in Figures 9-11 – is affected by measures protecting historic monuments (which there are several in China's traditional capital), many streets with limits on office development, and high rent in the commercial city center with hotels and mall shopping facilities. Overall, spatial elements are not dissimilar to patterns noted in cities from Seoul to Shanghai, reflecting the top-down hand of interventionist national governments eager to encourage economic ascendancy of receptive cities (Park and Nahm 1998, Han and Qin 2009). The following section summarizes the importance of geography and the power, or insignificance, of place attributes in the face of a seemingly ubiquitous global economic urban-shaping imperative.

4. Conclusion

The large role played by the central government in shaping economic development throughout China constitutes a consistent thread in research on the nation's modernization. Recent observations, particularly by Chinese scholars, echo current government disengagement policy in favor of encouraging more private and selective foreign involvement. This strategy applies

largely to coastal areas whose development trajectory is already well underway in the urban concentrations of Beijing-Tianjin Bohai Rim, Shanghai-Nanjing-Hangzhou YRD, and the Guangzhou-Shenzhen PRD. Inner China areas such as Xi'an, along with Wuhan, Chengdu and Chongqing, clearly required central government efforts to launch and sustain their economic upgrading such as in producer services, supplying capital and management experiences where other sources declined to enter. The resulting pattern of higher economic level producer service concentrations is very clear from mapping related firms, as shown in this research.

Improved living standards at lower costs help to make the area attractive particularly for local regional residents who otherwise would be attracted to migrate to the brighter lights of the capital and east coast delta megalopolises. Xi'an's urban built environment provides ample evidence of funds injected to create such an amenity landscape, from malls to residences, offices and campuses, "high-tech" industrial and innovation promoting settings configured with attractions tailored to the upwardly mobile skill set. The sustained growth in the number of employees and firms in Xi'an's producer service sector attests to the success of government policies intended to promote the growth of this sector in a region less locationally favored than cities along the eastern seaboard.

While spatial patterns of producer service firms co-located with their clients seem similar to patterns in other places, Xi'an's experience shows that it is possible to "grow your own" economically dynamic sectors. If you build it they may not come, but at least they will stay in numbers sufficient to build and sustain sufficiently high quality companies. Future research should explore experiences of producer service sector development in other major inner China leading cities such as Chengdu, Chongqing and Wuhan. These former Third Front fallback

locations contain the same basic components, but combinations of leadership and asset management may confirm or modify Xi'an's experiences illustrated in this research.

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Figures:

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