

Title **Making Creative Industry Parks in Shanghai: The Urban Regime and The “Creative Class”**
Keywords creative industry parks, urban regime, political actors, the “creative class”
Author (s) **Jane Zheng, Desmond Hui**
Address Main Library, Old Wing, The University of Hong Kong, Hong Kong
Telephone 852-6372-4664
Fax
Mobile 852-6372-4664
E-mail janezzn@hotmail.com
Paper no. 059

MAKING CREATIVE INDUSTRY PARKS IN SHANGHAI: THE URBAN REGIME AND THE “CREATIVE CLASS”

Abstract:

As major theories in private-public partnership and private urban governance studies are based on Western political liberal democracy, scholars have developed a Chinese public-private cooperation approach for the study of property-led redevelopment in post-reform Chinese cities, which shows that the governmental force plays a dominant role in an immature market system and the neighborhood is excluded. This article looks at a newly rising form of urban quarters in Shanghai: creative industry parks (“CCJQ” as the official title) to explore if there emerges any new elements.

It examines the purpose and form of public-private cooperation in various types of parks. In particular, it high-lightens two actors, the political actors and the “creative class,” in creating creative industry parks and their relation to the coalition. In particular, it compares the changes in their roles before and after the government’s specialized interference in CCJQ development. This illuminates the nature of the coalition in CCJQ and the aim and effect of the government’s intervention into CCJQs development. It is suggested then the direction of urban development in China.

Two points are argued in this article: first, the existing forms and nature of public-private cooperation in property-led urban redevelopment in China continues into the new urban form of CCJQs. The government still acts as the controlling force. Its intervention aims at incorporating CCJQs into its entrepreneurial policy practices and property-led urban redevelopment program. Economic interests and urban construction rather than genuinely fostering culture and creativity are their major concerns. Second, the “creative class” are the

most minor players in the coalition although their influence on the formulation of cultural quarters is significant. They influenced the government with their sense of art, culture and history which have been absorbed to improve the post-modern urban language in making places.

MAKING CREATIVE INDUSTRY PARKS IN SHANGHAI: THE URBAN REGIME AND THE “CREATIVE CLASS”

Jane Zheng, Desmond Hui

Although urban regime theory is sometimes accused of lacking theoretical framework and inadequate incorporation of external factors (Feldman, 1997; Di Gaetano, 1997; Painter, 1997; Ward, 1997a,b; Imbroscio, 1998), it is found still useful in explaining the formulation and outcome of public private coalition in urban governance studies (e.g. Kinossian, 2005). This theory as well as others (e.g. Bargaining Theory, Institutional Analysis Development Framework), however, are all developed based on Western democratic political systems.¹ When these theories are applied to urban redevelopment studies in post-reform socialism countries, discrepancies have been showed. Kinossian (2005: 58) notes that urban regime in Kazan was carried out by means of coercion rather than public-private corporations. He and Wu (2005: 16) note that in Shanghai the entrepreneurial coalition of the government, developers and other actors are tied to economic concerns. Chinese cities are undergoing property-led urban redevelopment (He/Wu 2005: 1-2) to achieve visual beautification and this process can be summarized to be “commodification” (Wu et al. 2007: 4). Public-private cooperation in this urban movement is characterized by the government’s powerful control: although the private sector is an important participator, it does not play a leading role in deciding the direction and pace of redevelopment (He/Wu 2005: 19). Wu and others (2007: 155-157) notes that public-private partnership is popular in China in providing public goods, but it appears to be an extension of the government’s power and functions in the land market.

The *chuangyi chanye jiju qu* (creative industry parks)² are new urban zones emerging in Chinese cities within recent several years. The physical feature of these zones is the regeneration of old factory buildings and the conversion of these buildings into new studio, office or retail uses. This thus helps to conserve the traditional architectural elements and ensure new uses and perceptions.³ The other feature is the variant degrees of agglomeration

¹ As Stone (1989: 244) writes, a genuinely effective regime “is able to comprehend the consequences of its actions and inactions for a diverse citizenry. The promotion of this broad comprehension is, after all, a major aim of democracy.”

² The concept of “chuangyi chanye jiju qu” is not exactly the same as creative industry parks or creative industry clusters in Western literature, which has given several definitions as follows. Michael Porter defines clusters which are important to the development of creative cities and regions in the knowledge-based economy as “geographic concentrations of interconnected companies and institutions in a particular field” (Porter 1990: 77-91). Montgomery and others define “cultural quarters” as “a geographic area of a large town or city which acts as a focus for cultural and artistic activities through the presence of a group of buildings devoted to housing a range of such activities, and purpose designed or adapted spaces to create a sense of identity, providing an environment to facilitate and encourage the provision of cultural and artistic services and activities” (Montgomery 2003: 293). But “chuangyi chanye jiju qu” is an official title used to designate quarters. It actually encompasses several types of quarters and has other meanings. For this reason, the term of “chuangyi chanye jiju qu” (hereafter cited as CCJQ) is used.

³ The preservation and conservation of old architectures is viewed as a great progress in China’s urban development since simply demolishing the old for new construction has long been the major approach

of artists and creative enterprises in these zones and this generates rent profits, local taxes and stimulates cultural and creative industries. Thus, developing CCJQs is believed to be a new effective approach for urban development that benefits architecture conservation, economic development and city image. CCJQs are therefore widely acclaimed for their contribution to new urban economies, culture and enhanced urban visual appearances in China (Guo 2005: 21; Xie 2005: 4; Ji 2004: 9, etc.). CCJQ projects have attracted the participation of public and private actors and some of these parks have evolved public and private coalitions. This article uses the CCJQs in Shanghai as the cases. It examines the purpose and form of public-private cooperation in these parks. In particular, it high-lightens two actors, the political actors and the “creative class,” in their relation to the coalition and the changes in their roles in the two developing stages of CCJQs, i.e. 1997-2004 and 2004-2007, with the government’s specialized interference in CCJQ development as the distinguishing line.⁴ This will illuminate the nature of the coalition in these new urban zones and the aim and effect of the government’s intervention into CCJQs development. It will also show the direction of urban development in China.

The theoretical framework comprises elements of urban regime theory⁵ and Richard Florida’s creative class approach. The role of “political actors” emphasized in Stone’s theory is one focus in this research. Stone (1989: 3) conceptualizes an urban regime as a product of the politicians will and this study discusses how the role of the political actors in public-private cooperation changed under the influence of politicians’ visions. Second, this research particularly highlights the role of the “creative class” in the coalition of CCJQs.⁶ Here, the notion of “creative class” is based on Richard Florida’s argument for the rise of “creative class.” According to Florida (2005: 34), “the distinguishing characteristic of ‘the creative class’ is that its members engage in work whose function is to create meaningful new forms.”⁷ It should be

in China’s property-led urban regeneration. As Wu and others (2007: 189) note that conservation is always very difficult in Chinese cities.

⁴ In the first stage, old factory buildings and warehouses were reused by artists and cultural firms as their studios or offices and cultural quarters spontaneously developed. In the second stage, the notion of “chuangyi chanye jiju qu” (creative industry parks) were coined by the government and CCJQs were officially promoted. “Specialized involvement” refers to the fact that the government began to take creative industries and creative industry parks as a new driver for urban development.

⁵ Urban regime theory is used based on the fact that the post-reform society of China has developed a quasi-market economic, which shares certain similarity with the notion of “labor market and state dichotomy” proposed by Stone (1990). Among the four types of power relationships, Stone suggests that the superordinate party intentionally or unintentionally influences the subordinate party (1980: 980/1).

⁶ Another element of regime theory is applied as Stone (1989: ix) concerns bringing together various elements of the community rather than the mere political and business sectors. The wideness of the range of the notion of “partnership” varies among countries. In Europe, “partnership” refers to a broad local alliance between public authorities, private organizations, the social sector and population (Bovaird 2004: 230).

⁷ The cases he gives to illustrate the “creative class” include scientists and engineers, university professors, poets and novelists, artists, entertainers, actors, designers, and architects, as well as the thought leadership of modern society: nonfiction writers, editors, cultural figures, think-tank researchers, analysts, and other opinion-makers (Richard 2005: 34). By examining the role of the

noted that “the creative class” is not necessarily a professional organization existing outside of the government. The independent creative mind and talents are emphasized. The “creative class” diffuses in various organizations. The notion of the “creative class” in this research particularly concerns the cultural figures who contributed to the birth of cultural quarters (rather than those who were recruited to reside in the quarters) and engaged in fostering cultural and artistic activities mainly out of cultural reasons instead of economic considerations. The research methodology includes wide interviews of government officials, state-owned enterprise staff, artists, architects and developers.

Two points are argued in this article: first, the existing forms and nature of public-private cooperation in Chinese urban redevelopment continues into those of CCJQs. The government still acts as the controlling force. Its intervention aims at incorporating CCJQs into its entrepreneurial policy practices and property-led urban redevelopment program. Economic interests and urban construction rather than genuinely fostering culture and creativity are their major concerns. Second, the “creative class” is the most minor players in the coalition although their influence on the formulation of cultural quarters is significant. They influenced the government with their sense of art, culture and history which have been absorbed to improve the post-modern urban language in making places.

1. The Formulation of CCJQs and the Emerging Public-private Cooperation

As stated in the previous section, the “chuangyi chanye jiju qu” is an official title for designated zones. Indeed, it includes various forms of zones, such as cultural quarters which are close to Temple Bar in Dublin, artists’ villages, IT incubators, creative industry clusters with evident agglomerative effects and simply office building quarters which house some cultural or creative enterprises. There is actually no clear boundary or definition for the so-called “chuangyi chanye jiju qu.” To a great extent, the official designation reflects the government’s enthusiasm in developing “creative industries”⁸ and CCJQs and the purpose of their intervention. The explicit interest of the government in this regard is showed in 2004 when a specialized governmental agency called the “Shanghai Creative Centre” was established under the Municipal Economic Committee. The Center provides a number of services such as holstering cultural annual exchange activities, exhibiting artists or creative industry firms’ works,⁹ but one of its most influential measurements is designating CCJQs. In April 2005, it designated the first round of 18 parks. Most parks in this round were existing zones which

“creative class,” this article will discuss the wideness of the coalition in the Chinese context.

⁸ The UK DCMS defines creative industries as “those activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property.” www.culture.gov.uk/creative/creative_industires.html.

⁹ See the homepage of the Shanghai Creative Center, <http://www.scic.gov.cn/>.

already achieved certain success in operation. In November 2005, May 2006 and November 2006, it designated additional 57 parks in the subsequent three rounds and most of these zones are still under planning or construction. This section will discuss the initiation and formulation process of CCJQs¹⁰ and the emerging forms of cooperation.

From the demand/supply perspective, some CCJQs were initiated by the demand of certain groups such as artists and educational institutions and they chose to rent old factory and warehouse buildings at a relatively low rent. Some were developed by the property owners, usually state-owned enterprises, to seek a better use and generate the economic profits of these old buildings. Others were developed by professional developers and properties whose single aim lies in economic interests.

1.1 Supply-led Parks: State-owned Enterprises' Self-salvation

The first type of CCJQs was initiated mainly due to state-owned enterprises' self-salvation. Since 1978, the Chinese political and economic systems have transformed from the central planning economic system to a neo-liberal market economy, and the urban condition has moved "from state-led extensive industrialization to urban-based intensive urbanization" (Wu et al. 2007:5). Accompanying with this is a transition in the system of state-owned enterprises from production organization to commodity production. As the government no longer allocated resources, controlled producing, or shouldered the profit and loss of these enterprises, state-owned enterprises were enforced to be subject to market demands and join the competition with newly emerged private companies. As the former were the product of the old manufacturing industrial economic system while the latter were born with a market-oriented operational structure and equipped with more advanced technologies, most state-owned enterprises were severely challenged. By the end of 2002, 70% of the state-owned enterprises had been privatized (Yao 2004: 255); millions of them dismissed or lay off their staff and were merged to other enterprises, with assets reorganized (*zichan chongzu*). Under this condition, a section of state-owned enterprises began to rent their vacant factory buildings to private companies or clients and the rent income maintained the enterprises' routine expenses and supported their laid-off staff.

The survival seeking behaviour of state-owned enterprises by renting out their vacant factory buildings provided the earliest CCJQs with the physical properties. Those of them that housed some creative firms and artists were later designated by the Shanghai Creative Centre as CCJQs. One case of this is the Jiang'an Dushi Chanye Yuan (Jiang'an City Industry Park). The owner of these factory buildings is the Shanghai Window Hook Factory. It used to produce window hooks. When Shanghai families adopted steel or vinyl-coated steel windows in the 1990s, their products were no longer demanded and the enterprise was thus driven out of the

¹⁰ Some parks that can be categorized into the types of CCJQs in the official list but are not included there are also discussed.

market (private interview with Xu Jianhua, a staff in the factory). In 1999, the factory attracted one big advertising company, the Oriental Pearl Advertising Company to rent their building and this was the first important step for the factory to establish its fame as a city industry park. In 2004, it was designated as one "CCJQ" in the first round. Other cases of this type are found in various manufacturing industries, such as the food industry, radio manufacturing, electronic welder manufacturing and so on. Many of these state-owned enterprises do not only rent their buildings but also offer estates management services, including security guard, cleanness and basic facility maintenances. Some even undertook building renovation and interior decoration by themselves. The contrast between the declined manufacturing industry and profitable property renting and management business has enticed these struggling state-owned factories to exploiting the values of their properties and this resulted in the birth of CCJQs of this type which were actually office quarters converted from factory building sets.

In this type of CCJQs, a slacken coalition exists between state-owned enterprises and the local government, largely based on their common interests. According to interviews, at these factories' initial steps to develop office quarters, the corporation under the Industrial Bureau of the district government¹¹ talked to the heads of these dying state-owned enterprises, advised them the way to reuse and rent their factory buildings and funded some of them the renovation fee. To the district government, once an office quarter is developed, they will gain tax incomes from tenants. In the Jing'an District alone, 12 office quarters were set up in the late 1990s under this public-private cooperation.

1.2 Demand-led Parks I: Searching Artistic Spaces in the City

In a section of CCJQs, it was not the staff in the state-owned factories who invited artists or creative enterprises, but the latter talked to the factories and rented their buildings thus initiating the parks. The reason that old factory buildings were favored by artists or creative enterprises was related to the land market and housing reforms. In 1988, the use right of land was allowed to lease to organizations and individuals (SMG 1987). This policy effectively attracted a rapid growth in the number of foreign services firms, manufacturing companies and property developers. Saskia Sassen believes that foreign firms and their high-income workers lead to a rapid growth of a high-price real estate market and "an expansion in the demand for space and a parallel rehabilitation of developed urban land" (Sassen 2001: 190-191). This has been the case of Shanghai in recent years.¹² As the central city spaces were used by foreign bidders who were "willing to pay an extremely high premium for a central location," (Sun 2006: 190) non-local individual artists and small or medium sized creative enterprises had to find

¹¹ In the district government, there are several bureaus. During the reform, the Industry Bureau was incorporated into the Economic Committee (*jing wei*).

¹² For instance, in one month this year, one U.S. funding purchased a hotel close to the Hongqiao district at US\$70,000,000; another Middle Eastern funding purchased the two whole buildings in the Xintiandi district at US\$80,000,000; another company purchased two whole buildings in the Xintiandi District at US\$100,000,000 (Sun 2006).

other places at affordable rents. Old factory buildings therefore were favoured.

Deng Kunyan, an architect from Taiwan, went to Shanghai in 1997. He rented an old two-storied warehouse along the Suzhou River and renovated it to be his studio, becoming the earliest case of warehouse restoration for artist's use on the Suzhou River. One of Deng's employees told the author that Deng rented this warehouse primarily for his own use, occasionally renting some spaces to two or three of his friends. Beside Deng's warehouse is TBWA\Shanghai, rented by a French fashion designer Bighe de Bere. This is her fashion design studio; clothes are produced in Paris.¹³ The Suhe contemporary Art Museum stands on the opposite bank of the river. Some art lovers and gallery institutes converted the old warehouse to be an art museum. Another case is the Creative Warehouse opposite to Deng's building across the Suzhou River. The architect Liu Jidong came back from U.S. in 1999 and rented this warehouse from the Bailing Co. Same with Deng Kunyan, his original idea was only to make it his design studio. After his renovation, several friends of his inquired him about renting, and later moved in. Noticing that his renovated warehouse was popular with creative industry firms, Liu then turned it to be a "creative industry park." Around twenty media and architecture design firms are currently working in the warehouse.

In the M50, a group of artists from other provinces discovered this factory which offered working and residential spaces at a lower rent, and started to set their art studios there. According to the author's interview, most artists there are non-local. One artist Pengpeng from Jiangxi told the author that before going to Shanghai, she was a teacher in an art college in Anhui. During the first five years in Shanghai, things were very difficult, no place for working or living and no customers. She had to find cheap spaces and this deteriorated factory was such a solution (private interviews with artists in the M50). With an increasing number of artists moving into the old factory, M50 began to attract wide interest of the public. Foreign art galleries, art shops, well-known cultural figures rented spaces for their shops and studios.

Obviously, this type of CCJQs initiated spontaneously under the demand of artists. There was no interference of the government and no public-private cooperation either. In the words of several interviewees, art districts started in deprived areas in Shanghai that were abandoned by the government. The weak or no cooperation is one major feature of the cultural quarters of this type.

1.3 Demand-led Parks II: Educational Institutions and University Incubators

Another type of demand came from education institutions and university incubators. Richard Florida (2005: 150) notes that a growing number of universities in US "become directly involved in the incubation of spin-off companies." He also believes the key for universities to contribute to local economic development is that "communities surrounding universities must have the capability to absorb and exploit the science, innovation, and technologies that the

¹³ A visit to TBWA\Shanghai on the Suzhou River on March 17, 2006, at 4:00p.m.-4:30p.m.

university generates” (2005: 150). In the last few years, universities’ incubators also emerged in Shanghai and most of them made use of disused factory buildings. The Arts Design Department in the Shanghai Normal University was the first educational institution in China that relocated the whole department to an old factory. When asked about the consideration for this decision making, the ex-vice-director who established the new sub-campus told the author that: the initial motivation was to find a solution to the shortage of school buildings (private interview with Wei Shaonong). The selection of an alternative school building was based on two considerations: first, the new campus for the Design Department should be close to the main campus, so that teachers and students would be able to use the schools’ resources. Second, the rents should not be too high. Therefore, the disused Shanghai Bread Factory within fifteen minutes’ walk to the main campus became the favourite choice. The annual rent is 1,800,000RMB for 5,000 meter square, the lowest rent they could found. The park includes department classrooms, three research centres and incubators for senior students. It also rented part of the buildings to other foreign design companies where students could gain internship experiences. Wei believes that such a creative environment enables students not only to learn design techniques and theories, but also to step with the international fashion design trends and the changeable market scenario (private interview with Wei Shaonong).

The Jiaotong University established the Shanghai Withub Hi-tech Business Centre in 1999. It now has four incubators. All of them are close to the campus (in the Tianshan Road, Leshan Road, Hongqiao Road and Nandan Road) and restored old factory buildings.

The school-industry partnerships (Davies 2001: 9) with the involvement of the government exist in part of the parks of this type. In the case of incubators of Jiaotong University, the district government assisted in renting old factory buildings owned by state-owned-enterprises, and the hi-tech business centre served as a non-profit institution to operate incubators of the Leshan, Hongqiao and Nandan Road bases. At the Tianshan Softer-ware base, the state owned factory, one company under the district government and the university business centre joined together to set up one company and the three organizations became stakeholders in the new stock company (private interview with Yu Minghua).

1.4 The Middle Force-shaped Parks: Real Estate Developments

Most of the previous three types formulated spontaneously: declining state-owned enterprises rented vacant factory buildings to seek survival and the cheap spaces their provided met the needs of artists, weak creative enterprises, or education institutions. The middle force shaped parks, however, widely distinct from the previous three. With the engagement of developers, CCJQs of this type were developed as part of their real estates businesses.

The emergence of this type is resulted from the unprecedented booming real estates in Shanghai embodied by continuously rising housing prices. The contribution of real estates to

the local GDP rose from 0.5% in 1990 to 8.4% in 2004 (Sun 2006). In 2004, the average house price increased by 20%; in some areas this figure reached 50% or 60% (“2003 nian Shanghai fangjia zhang liang cheng”). The average price of some residential estates reached 50,000-80,000RMB/meter square in 2005 (Li 2005). Such a dramatic increase is believed to be rarely seen in other countries. Multi-factors have been noted to influence the price, such as the marketization of land-use rights (Ramo 1998: 64-75) and large scale overseas investments. Also, according to the recent case of the ex-mayor Chen Liangyu, local corrupted government officials speculated in real estates to seek profits by illegal means, contributing to keeping an artificial high rate of increase. Just as He and Wu note, the booming estate market also led to the evident increase in demand of office buildings (He/Wu 2005: 6). According to He and Wu, one high-rise office building can yield 100 million RMB tax per year in some commercial centers in Shanghai (He/Wu 2005 9-10). Some properties with keen views detected this demand and began to invest in “CCJQ” as a specific form of office building. High economic interests are revealed to be the major concern and the intrinsic driving factor. One newspaper article cited from the president of the Shanghai Creative Industry Centre, Mr. He, that in most cases developers rented the factory buildings from state-owned enterprises at around 1 *yuan*/meter square every day, and the rent after their renovation for firms and clients is 2 *yuan*/meter square every day or above. In some cases, the 8 Bridge for instance, the rent is 6 or 7 *yuan*/meter square every day, close to that of the top office buildings in Shanghai (“Chuangyi bangogn kongjian xuqiu wang”). Moreover, in contrast to residential quarter projects which are transaction in one lump sum, creative industry park projects can bring out monthly profits. One newspaper critic article reveals that fact that high economic interest is the major factor attracting the intensive investment of developers.

With the strong profit seeking purpose, most parks of this type have demonstrated obvious endeavours at professional urban design. Factory buildings owned by state enterprises became valuable resources from the market view point due to their good locations and sufficient use spaces. Professional international design companies are engaged in park design to create attractive and comfortable working spaces. They usually preserve the historic features of these buildings and add into new innovative ideas and design elements. The 8 Bridge is a typical case, famous for its architectural design, undertaken by HMA. It was developed by a Hong Kong developer Huang Hanhong, the former manager in the Xintiandi project.¹⁴ Also, the park pays most attention to communication and network facilities in addition to its physical setting. Frequent art exhibitions and fashion shows are also hosted (SCIC 2006). Most of its tenants are super-national design companies, established artists with sound reputations and successful media companies. In addition, creative enterprises are not

¹⁴ Xintiandi is a most influential property developing project in Shanghai. It is located in the central city. The project relocated the whole neighborhood in the two blocks to the rural, and restored their houses by preserving the original architectural style and developing its multi-functions of retail, entertainment and cultural activities.

the solely tenants; there are famous restaurants, retail shops, real estates consultant companies who can afford the high rents. The above suggests that CCJQs of this type do not target at fostering art or culture or supporting weak creative enterprises, but selling comfortable working places to established enterprises. Compared with others, they have obvious advantages at location, cultural tastes, fashionable designs, complete facilities and excellent estates management services. In the developing process of this type of parks, solid public-private cooperation has been generated. This will be discussed from the perspective of the political actor in the subsequent section.

2. The Roles of the Political Actor and the “Creative Class”

The previous section describes how CCJQs have been developed in Shanghai and the emergence of public-private cooperation in various types of CCJQs. It shows that a section of parks (e.g. artists’ villages, small creative industry clusters) were born without the involvement of the coalition. The majority of public-private cooperation exists in the third type of parks. This section discusses the roles of the political actors and the “creative class” in developing CCJQs and their relations to the public-private coalition of CCJQs. It will then take a further step to illuminate the changes in their roles before and after the government’s specialized intervention.

2.1 The Role of the Political Actors

In the public-private cooperation of CCJQs, the political actors play four major roles. First, the district government, with the Industrial Bureau affiliated corporation as the representative, functioned as an advisor, guiding and assisting guided state-owned enterprises to tackle their economic crisis by developing office quarters. Through this slacken alliance, the Industrial Bureau makes its political achievement and the district government enjoys an increase in the tax income. This public-public alliance is embedded in the weakened national-state administrative “vertical relationship” (*chuzhi lingdao*). As Ting Gong notes, the local governments obtained a wide range of decision-making powers from the central governance. Moreover, their performance “is now assessed less by their compliance with the centre and more by local economic output, revenue growth and improvement in living standards, they have become much more eager to improve their jurisdiction’s financial well-being” (Gong 2006: 85-102).

Second, some district governments directly participate in some projects, usually having one or more affiliated corporation¹⁵ as shareholders. The district Industrial Bureau or

¹⁵ Under the industrial bureau or economic committee of district government, there are a number of companies that engage in market businesses and are strongly backed up by the government. They sometimes serve as the representative of the district government to advise state-owned enterprises or participate in investment and developing projects.

Economic Committee affiliated corporation(s) align with other private developers and state-owned enterprises to set up a new company. That company invests in the park developing projects. Then, a pro-growth coalition is forged, which benefits the district government at both the rent profits for a stakeholder and tax incomes. Several cases of this type are the Tianshan Software Park in the Changning District, the Industrial Design Building project in Pengpu, the Only Design Creation Park. These quarters are characterized by clean, pragmatic and efficient modern office building styles, but do not demonstrate much design effects. Backed up by district governments, these parks offer inducements to business such as tax abatements, and these financial assistances usually serve as an attractive condition to tenants. The inducement has a wide range of flexibility. According to interviews, the extent of “the government’s support” is determined by the tax that parks can contribute (private interview with a government official). The author was told that “District government lends much support to those who can contribute higher taxes to them. The Only Design Park pays 150,000,000-200,000,000 RMB annual tax to the Yangpu District Government and certainly it gains special governmental concerns” (private interview with a government official). Clearly, economic interests are the major reason for the government’s direct participation.

Third, the cooperation between the public actor and the business sector (i.e. developers or properties) has evolved. The existing literature has discussed the inter-reliance between the public and private sectors in urban development or regeneration programs and illuminates different advantages of the two sectors. Savitch and Kantor (2002: 34) point out that “development politics focus on such things as the ability to amass land, grant legal privileges and rights, control zoning, provide appropriate infrastructure, and enlist public support. Public officials, motivated by different stakes, frequently choose to pursue economic goals that are also favoured by business.” According to interviews, these points can also explain the major assets that the public sector holds to develop cooperation with the private sector in the Shanghai context. What should be noted is that the public-private cooperation in CCJQs is embodied in two major forms of partnership in CCJQ development.

In one form, developers rent factory buildings from state-owned factories (and usually sign a contract of ten years) by themselves, but they need to bargain with the government for the permission of their renovation plans (usually specialized government departments, e.g. the department of planning). In the case of the 8 Bridge, they planned to construct one pedestrian overpass across the street to link the first and second bases together. This did not conform to the urban planning, but with the the government’s support, the Planning Department’s seal of approval was set on their application. Also, the district and municipal government’s support is important in the sense that this enables the project to gain wide concern of the society. The 8 Bridge, for instance, was visited by the leading officials in Shanghai such as Chen Liangyu, Han Zheng etc. All of them gave highly positive comments (SCIC 2006: 43). Following them are the flooding acclaims from the local media, effectively promoting these places. Private

developers in turn help government to organize activities and undertake other non-profit projects to demonstrate government's political achievements. For instance, in 2005, the local authority organized the "Creative Industry Week" activity and the developer of the Zhoujiaqiao park was one of the co-organizers and sponsors. In 2006, the second "Creative Industry Week" was sponsored by the 8 Bridge; seven other private creative enterprises assisted the Shanghai Creative Centre (private interviews with park staff and government officials).

The other form is a "purchaser-provider partnership" (Davies 2001: 53) between the government and developers. As Davies notes, this form of cooperation is a combination of market and hierarchy. The district governments negotiate with state-owned enterprises to rent the use right of factory buildings to private developers for restoring projects. These projects usually not only function as office quarters for clients (branded as "CCJQ") but also a beautiful urban scene or a meaningful place that are able to display the government's achievement. Tong Le Fang is such a case. It was invested and developed by the Shanghai Shenbo Huakang Property Investment and Management Co. Ltd and supported by the district and municipal government. The goal is to create a cultural quarter, like Temple Bar and Xintiandi, mixing fashionable consumption and cultural activities.¹⁶ Sometimes, a specific governmental department recruits a private developer through compulsory competitive tendering (CCT) (Stoker 1991; Clark/Stewart 1990; Butler 1985). The developer undertakes the non-profit project which has political and social implications and the department assists the developer with renting extra old factory buildings. These building are used to develop the office quarter (or "CCJQ") for profit. A typical case is the Shanghai Sculpture Space. According to Zheng Peiguang, the CEO of the Space, it could have been impossible for them to rent the buildings without the Planning Department's intervention. Also, the zoning variances and the relaxation of architectural standards have stimulated the private enterprise to take risks and costs shifted from the public sector (private interview with Zheng Peiguang).

Fourth, the local authority also attempts to promote "creative industries" and cultural and art activities. The major interest of the local government in this regard seems to concentrate on the contribution of creative industries to the local GDP as well as the economic performance of creative industry parks (see for example, "Chuangyi chanye de neihan," 2006). This is obviously influenced by the international fashion which highlights the economic values of culture and art. As Bianchini and Parkinson write, "one strand of local economic policy that is used to cushion the negative effects of the painful transition from an industrial to a post-industrial economy. In this model, culture is defined of economics" (Bianchini/Parkinson 1996: 22). The government has made some efforts in developing cultural and art activities, however, limited achievements have been made. The major problem is that the audience that these activities aimed at are limited in certain circles, which leads to the inadequacy of public participation. For instance, the Creative Industry Centre set up an exhibition hall in the Huaihai

¹⁶ *The New Factories 2006*, materials provided by the company.

Road, called the “Creative Window,” but it is not very familiar with the public. It also organizes international exchange activities every year (called the “Creative Industry Week”), but not all of its activities are open to the public. One article in newspaper criticized that the number of participants (official statistic figure) only amounted to that of a common exhibition; moreover, 70% of them were officially announced to be “specialists,” rather than the public (“She quewei le chuangyi chanye zhou,” 2006).

2.2 The Role of the “Creative Class”

The “creative class” have played a crucial role in initiating the reuse of old factory buildings for cultural and art activities. These people work in various organizations, including low rank officials, university professors, ordinary staff in state-owned enterprise, and architects and artists and private developers with cultural tastes. They have greatly contributed to introducing restored factory buildings as a special form of container of art spaces into people’s understandings. They have also contributed to revitalizing these dilapidated buildings with their creativities and generated special meaning of these places.

During the investigation of the initiation of CCJQs, the author is well impressed by the independent and creative thinking and the cultural visions of the “creative class.” In the case of the Jing’an City Industry Building before 2000, the authority of the declined Shanghai Window Hook Factory actually had little clear plan in their property renting business. According to one staff, they rent their building to any client at that time. This situation was changed as the staff who took charge of the building renting affairs, has personal interests at culture and art. He liked to contact cultural companies and succeeded in attracting the first creative enterprise (personal interview with staff in the Jing’an City Industry Building). In initiating the “Design Factory” of the Shanghai Normal University, the ex-vice director Wei Shaonong also demonstrated independent and keen visions. At that time, the University planned to relocate the whole of its undergraduate education to Fengxian as part of the campus expansion plan. As Fengxian is located in rural Shanghai, Wei does not think it suitable for art and design students. He believes design major students should understand lifestyles in the urban environment; so he raised the alternative plan of renting the factory building of the Shanghai Bread Factory (private interview with Wei Shaonong). A similar case is the Taikang Road Art Street. Mr. Zheng Rongfa, who was the ex-director of the Dapu sub-district office at that time, interpreted the success of the Taikang Road as a small potato’s dream being realized in China.¹⁷ The Taikang Road had long been an outdoor vegetable and food market; the floor was dirty and it stood in the way of the traffic in the South Luwan District before 1998. After the

¹⁷ Low officials’ voice (e.g. his ideas) could hardly be heard or influence the decision making process in urban development projects. Zheng’s words mean that in transforming the Taikang Road to be an art street, his ideas were materialized. The Taikang Road should not only be celebrated as a success of a famous art street but for the participation of people at lower status (private interview with Zheng Rongfa).

whole outdoor market being relocated indoor in 1998, the original vegetable shop frontages alongside the streets were vacated and needed to be planed. As Zheng himself is an art lover, he quickly got an idea of developing art-related activities and business. His plan was further improved and detailed after visiting Atlanta. Zheng and his colleagues recruited artists, art shops and art galleries. They also assisted the declined factories in the lanes in renting and managing their disused old warehouses. These warehouses soon attracted some famous artists. Chen Yifei¹⁸, for instance, set his studio there. Old warehouses along the Taikang Road have thus been revitalized and the district has achieved its reputation as a cultural quarter since then (private interview with Zhang Shengyou and Zheng Rongfa). Individual artists and architects who discovered old warehouses and converted them to their studios hence also played the important role in initiating cultural quarters as described in the first section. In addition, among the earliest developers of creative industry quarters, many have personal interests and tastes for art culture. Mr. Lin Liang, the developer of Zhoujiaqiao, once led an artistic career and operated galleries. He learned from his friend in Tianzifang of the new concept and developed “Zhoujiangqiao” for his artist friends to join (private interview with the staff). Architects rented old warehouses for their own uses, like Deng Kunyan. These cases suggest that the “creative class” created the early cultural and creative quarters mainly out of cultural and artistic passions rather than commercial purposes.

The “creative class” also participated in the physical regeneration of these places. There are two types of practices. Professional architectural design companies are invited by properties or developers. The other type of practice was conducted by those creative people out of professional institutions. Their practices have made old factory buildings and warehouses media for free and creative self-expression. In Deng Kunyan’s warehouse on the Suzhou River, the whole interior setting preserves a rather plain but classical flavour: old timbers, half-completed window frames, half-peered green walls and the old painted board bearing Chinese characters. It looks exactly like a private artwork without any commercial sense. Liu Jidong’s Creative Warehouse is opposite. All the remaining architecture elements such as the iron doors, cement columns (designed by Laszlo E. Hudec in the early 20th century) have been carefully arranged in certain settings, projected with sumptuous electronic lights. The Normal University’s restoring project was primarily designed by the vice-president Wei himself. He chose black, grey and white to create a calm and “modern” atmosphere reminiscent of the Fordist era. His colleagues later suggested some bright colours to vibrate the interior space. They then used yellow to paint the floor and red to decorate part of the walls, thus creating a distinctive image of that park. The Zhoujiaqiao project was invested the least at renovation, but it is still successful as an eye-attracting icon, a landmark in that district. The outlook was designed by an oil painter named Cai Mingliang. He deconstructed the Chinese

¹⁸ Chen Yifei (1948-2005) is a famous artist for his oil paintings. He also engaged in film making and other art related business.

character of “door” to be lines and dots and painted them in yellow dots and lines in sharp contrast with the bright blue background. In M50, artists decorated the rented space belonging to them. For instance, some boards bearing their name and other emblems were hung up outside windows; around the window, colourful paints were applied to attract tourists and create a personal icon. Some of these practices look somehow unprofessional and naive, but they are conveying personal preferences and characteristics and have made these parks widely variable from one another.

The success of the “creative class” in creating these places also lies in their vitalization of artistic, cultural and creative industry activities. The Taikang Road and the M50 are such two examples. State-owned enterprises provided cheap working spaces and those are particular suitable to fragile creative industry firms that can only afford low rents. With the vibrant activities, the meaning of these places is generated. They have extended their influences and naturally agglomerated more cultural activities.

In summary, the “creative class” outside of the public-private coalition played a crucial role in creating these places: their ideas led to the birth of these quarters, their cultural preferences have shaped the look of the building sets and they have also stimulated vibrant cultural activities and created meanings of these places.

2.3 Changes in the Roles of the Two Actors

The former two sub-sections have generally discussed of the roles of the political actors and the “creative class” in shaping CCJQs throughout the two stages, i.e. 1997-2004 and 2004-2007. What should be noted are the changes in their roles, or more strictly speaking, their influences before and after the government’s specialized involvement in developing CCJQs.

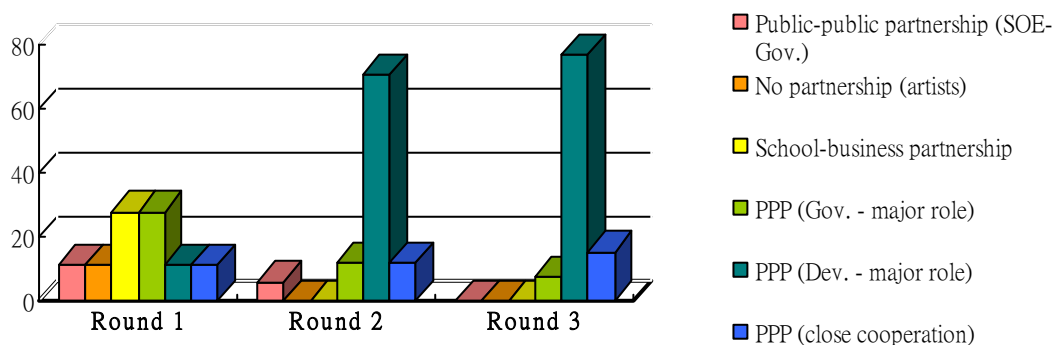
The local authority explicitly showed their interest in creative industry parks in 2004 and the direct result from the government’s interference is a dramatic rise in the number of CCJQs. The number of cultural quarters and creative enterprise clusters that were brought into the first official list in April 2005 is only 18. However, by the end of 2006, 75 CCJQs have been designated. Accompanying with this rise in the number of officially recognized CCJQs, there is an evident expansion of public-private cooperation in CCJQ development across the three rounds¹⁹. Table 1.1 is a statistic chart based on my empirical study on the forms of partnership of all the CCJQs in the three rounds.

Partnership forms	Round 1 (Apr. 2005)		Round 2 (Nov. 2005)		Round 3 (June 2006)	
	no.	%	no.	%	no.	%
Public-public partnership	2	11.1	1	5.9	0	0

¹⁹ According to a rough examination, the fourth round continues the developing tendency. As some detailed materials of the fourth round has not been published by the government, it is not included in this table.

(SOE-Gov.)						
No partnership (artists)	2	11.1	0	0	0	0
School-business partnership	5	27.8	0	0	0	0
PPP (Gov. – major role)	5	27.8	2	11.8	1	7.7
PPP (Dev. – major role)	2	11.1	12	70.6	10	76.9
PPP (close cooperation)	2	11.1	2	11.8	2	15.3

Table 1.1



It shows that in the first round, various forms of partnership symmetrically distribute. In particular, as demand-led parks (artists' work spaces and university incubators) amount to 40%²⁰, there is relatively weak partnership with the government in the first round. The development of CCJQs in the following rounds increasingly concentrates to a single model, which is the public-private cooperation with the business sector as the important actor. The political actors have changed their way of participation in the coalition. First, the proportion of the "public-public partnership" declines, which means that it becomes less common for the district bureaus to simply fund the state-owned enterprises' renovation programs. Rather, more state-owned enterprises have been invited to join the coalition among the government, business sector and others. Second, there is also a decline in the proportion of "PPP (Gov. – major role)." This means that the political actors (or their affiliated corporations) equally become less often to directly invest in the project as one stakeholder. A more matured model of public-private cooperation has evolved in CCQJ developing, which is more often seen in other urban development projects. The public sector more frequently rely on its resources, such as zoning control, amassing land, granting legal privileges and rights and tax basement, and shift the risk of investment to the private sector. The business sector has risen to be the major player. The proportion of this form has risen from 11.1% in Round One to 76.9% in Round Three. The 8 Bridge is modelled on and both of design style and operation mechanism are being reproduced by a group of new comers in developing CCJQs. Many of them hire professional architects to give the renovation plans and designs, thus enhancing the competitiveness of their parks in the office building market and also contributing to the visual appearance of the city as the political actors expect. The "close cooperation" model of PPP is

²⁰ According to my field trip, the actual amount of art spaces housed by old factory and warehouse buildings is bigger than that in the official list. Some artists who do not develop good relationship with the government fail to gain the official recognition of their spaces. But even so, naturally formulated demand-led parks still account a big proportion in the first list.

seen in some specific projects that the municipality requires the developers (recruited through CCT) to undertake some important non-profit projects as part of the whole project, such as the Shanghai Sculpture Space. The government thus interferes more into the regeneration plans and urban designs. This has become a complementary form to the pro-growth coalition with the developers playing the major role.

In contrast to the business sector, the “creative class” have greatly lost their influences on these cultural spaces. In the second, third and fourth round of CCJQs, there is no more artists’ village. At the same time, those staying in Tian Zi Fang and M50 began to feel increasing economic pressure caused by the continuous rise of their rents. After these places became famous, the proposals of these independent creative minds are not respected. In the Taikang Road scheme, driven by the real estates interests, developers backed by the district government have relocated the residents and demolished the neighbourhood in the land south to the Tai Kang Road, thus destroying the cultural views of the street area. In other cases, the cultural figures who initiated the plans of reusing old factory buildings to develop cultural quarters have already been moved to other positions. The only and most active group of creative people are the professional architects hired to work for various regeneration projects. Following the 8 Bridge, there are a number of other successful designs, such as the Space 188, Hi-Shanghai, the 1933 Old Miller, the 2577 Creative Garden and so on. Among another group of creative people, architects and developers who originally rented factory buildings for their own use or their artist friends to pursue certain cultural tastes, many were driven by economic interests and have joined the business section. Liu Jidong who successfully made the Creative Warehouse later invested in another park called “JD Creation” that was listed in the second round of “CCJQs.” Deng Kunyan’s second project also shows a stronger commercial motivation, called “The Bingjiang Creative Industry Park,” which has already had around ten or twenty creative enterprise tenants. Lin Liang achieved his success in the Zhoujiaqiao project and invested in another project called the “Creation Coalition” in the Yangpu District. It is clear that with the government’s specialized interference, a natural art scene and local creativity that have grown in the city’s forgotten corner - old factory buildings – are disappearing. But the urban regime has learned from the “creative class” the importance of art, culture and historical sites as components in the post-modern urban language.

By comparing the changes in the roles of the political actors and the “creative class,” it can be suggested that the government’s interest with the “CCJQ” does not lie in fostering artistic and cultural activities but generating the economic interests; not having the old factory buildings as a medium or container for the free expression of the “creative class,” but enriching the urban design skills to shape a post-modern urban image. The government’s intervention has contributed to directing CCJQs to be integral into the local real estates industries and the “commodification” process of the city.

Conclusion

This article looks at creative industry parks (CCJQs) which have emerged as a new form of urban zones in Shanghai. It shows that dilapidated factory buildings were originally forgotten urban spaces and provided artists, architects or education incubators with cheap working spaces. There hence was not much strong public-private coalition. However, under the government's interventions, there has been a dramatic rise in the number of CCJQs in Shanghai dominated by the coalition between the political and business sectors. CCJQs have been incorporated into the city's property-led urban regeneration program. In this direction, CCJQs in Shanghai are not developed to foster artistic or cultural creativity or support fragile creative industry firms, but providing established companies a comfortable working environment.

This research also shows that within the public-private cooperation, the government still acts as the most powerful controller and the business sector as its important partner. This coalition does not aim to bring all the social forces into the capacity of its governance. In the case of CCJQs, the "creative class" which should have been the major actor can only grow in the forgotten corner and is excluded from the coalition and the decision making process. At another level, the minor actor has also influenced the major actor: the situation that conservation was difficult in China (Wu et al 2007: 189) has been partially changed with the emergence of CCJQs. When added cultural and artistic elements, a post-modern urban language has been developed and the level of urban design has been enhanced, thus serving better to the government's entrepreneurial policy (Harvey, 1989). The political actors have absorbed from the minor actor what the political processes need and are continuing their decided urban developing courses.

Reference

- Bianchini, Franco and Michael Parkinson. 1996. eds., *Cultural Policy and Urban Regeneration: the West European Experience*. New York: Manchester University.
- Bovaird, Tony. 2004. "Public-private Partnerships in Western Europe and the U.S.: New Growths from Old Roots." In Abby Ghobadian, David Galleary, Nicholas O'Regan and Howard Viney eds., *Public-Private Partnerships: Policy and Experience*. Basingstoke; New York: Palgrave Macmillan. 221-250.
- "Chuangyi bangogn kongjian xuqiu wang" [Creative Industry Offices are in great need], Dec. 8, 2006. (<http://www.023office.com/News485.htm>).
- "Chuangyi chanye de neihan" [The meaning of creative industries]. 2006. (<http://www.chinahightech.com/chinahightech/News/View.asp?NewsId=0303837373>).
- Davies, S. Jonathan. 2001. *Partnerships and Regimes: The Politics of Urban Regeneration in*

- the UK*. Aldershot: Ashgate.
- Di Gaetano, A. 1997. "Urban Governing Alignments and Realignments in Comparative Perspective: Developmental Politics in Boston, Massachusetts and Bristol, England. 1980-1996." In *Urban Affairs Review* 32(6): 844-870.
- Feldman, M A. 1997. "Spatial Structures of regulation and urban regimes." In Lauria M. ed., *Reconstructing Urban Regime Theory: Regulating Urban Politics in a Global Economy*. Thousand Oaks, Calif.: Sage. 30-50.
- Florida, Richard. 2005. *Cities and the Creative Class*. New York: Routledge.
- , 2002. *The Rise of the Creative Class and how it's Transforming Work, Leisure, Community and Everyday Life*. New York: Basic Books.
- Gong, Ting. 2006. "Corruption and Local Governance: the double identity of Chinese local government in market reform." *The Pacific Review* 19/1 (March): 85-102.
- Guo Xinyang. 2005. "Laofangzi biancheng miaoling shaonu" [old houses become "beautiful young ladies"], *Xinmin Wanbao* [New people's evening news]. August 22, 2005. 21.
- Harvey, D. 1989. "From Managerialism to Entrepreneurialism: the Transformation of Urban Governance in Late Capitalism" *Geografiska Annaler* 7(B): 3-17.
- He Shenjing and Wu Fulong. 2005. "Property-led Redevelopment in Post-reform China: A Case Study of Xintiandi Redevelopment Project in Shanghai." *Journal of Urban Affairs* 27(1): 1-23.
- Imbroscio, D. L. 1998. "Reformulating Urban Regime Theory: The Division of Labour Between State and Market Reconsidered." *Journal of Urban Affairs* 20(3): 233-248.
- Ji Haiying. 2004. "Zoujin tianzifang" [Entering the Tianzi Fang]. *Xinmin Wanbao* [New people's evening news]. May 25, 2004. 9.
- Kinossian, Nadir V. 2005. "Urban Governance in a Transitional Economy." M.A. diss. Saint Louis: University of Missouri.
- Li Jianping. 2005. "Shanghai Dichan fengbao nengfou yingdong Shanghai zhengzhi fengbao" [Will the real estates crisis lead to a political crisis in Shanghai?], (<http://www.epochtimes.com/b5/5/4/13/n887463.htm>).
- Montgomery, John. 2003. "Cultural Quarters as mechanisms for Urban Regeneration. Part 1: Conceptualizing Cultural Quarters." *Planning, Practice and Research* 18(4): 293-306.
- Painter, J. 1997. "Regulation, Regime, and Practice in Urban Politics." In Lauria M. ed., *Reconstructing Urban Regime Theory: Regulating Urban Politics in a Global Economy*. Thousand Oaks, Calif.: Sage. 122-143.
- Porter, Michael. 1998. "Clusters and the New Economics of Competition," *Harvard Business Review* Nov/Dec, vol. 76, Issue 6: 77-91.
- Ramo, Joshua Cooper. 1998. "The Shanghai Bubble." *Foreign Policy* 111 (Summer): 64-75.
- Sassen, Saskia. 2001. *The Global City*, Princeton, N.J.: Princeton University Press.
- Savitch, H. V. and Paul Kantor. 2002. *Cities in the International Marketplace: The Political*

- Economy of Urban Development in North America and Western Europe*. Princeton: Princeton University Press.
- SCIC (Shanghai Creative Industry Center). 2006. *Shanghai Creative Industries Development Report*. Shanghai scientific and technological literature publishing house.
- “She quewei le chuangyi changye zhou” [who are absent from the “Creative Industry Week”]. 2006. http://www.scic.gov.cn/cms/Article_Show.asp?ArticleID=421
- Stone, Clarence. 1980. “Systemic Power in Community Decision Making: A Restatement of Stratification Theory.” *American Political Science Review* vol.74 (Dec.): 978-990.
- , 1989. *Regime Politics: Governing Atlanta, 1946-1988*. Lawrence, Kan.: University Press of Kansas.
- , 1990. “The Politics of Urban Restructuring: A Review Essay.” *Western Political Quarterly* 43(1): 219-297.
- Sun Zhongju. 2006. “Hongguan Tiaokong hou de Shanghai fangshi” [The real estates market in Shanghai after the macro control]. (<http://law.eastday.com/node2/node22/pjzh/node1713/node1714/userobject1ai7791.html>).
- SMG (The Shanghai Municipal Government), 1987. “Shanghai shi tudi shiyong quan youchang zhuanrang banfa” [The methods to lease use right of the state owned land].
- Ward, K. 1997a. “Rigourising Regime Theory.” In Stanyer J. and Stoker G. eds., *Contemporary Political Studies*, vol.1, 181-197.
- Ward, K. 1997b. “Coalitions in Urban regeneration: A Regime Approach.” *Environment and Planning A* 29(8): 1493-1503.
- Wu Fulong, Jiang Xu, and Anthony Gar-On Yeh. 2007. *Urban Development in Post-reform China: State, Market, and Space*. London; New York: Routledge.
- Xie Zhenling. 2005. “Wenhua rang shikumen jueqi” [Culture assists the rise of shikumen]. *Wenhua bao* [Wenhui Daily] (September 4, 2005): 4.
- Yao Yang. 2004. “Government Commitment and the Outcome of Privatization in China.” In Takatoshi Ito and Anne O. Krueger eds., *Governance, Regulation and Privatization in the Asia-Pacific Region*. Chicago: University of Chicago Press.
- “2003 nian Shanghai fangjia zhang liang cheng” [The real estates in Shanghai increased by 20%], (Jan. 2004), (<http://news.chinesewings.com/cgi-bin/site/j.cgi?code=big5&id=2004012720387434>).