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**Cultural and Creative Industries
as key factors for Chinese
economic development.
Analysis of Beijing and Shanghai.**

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INTRODUCTION

From September to December 2013 I had the opportunity to do a three months internship in Shanghai, at the Museum of Contemporary Art. I went there thanks to a scholarship provided by the Venice International University, which aim was to develop a final Thesis for my master degree.

I do not speak Chinese and probably, I will not even in the future. So, one person might legitimately wonder why I personally chose to go there. Curiosity. I was curious about Shanghai because a lot of my friends or university mates went there and all told me how great the city was, how much fun they got and how everyone should go there at least once in a lifetime. In addition, Chinese art market is a phenomena that a Management of Art student like I am should know, if there is a chance, so I decided to take my chance to try to know Shanghai and China.

It had not been easy, mainly because if someone does not speak Chinese, English is not a help. Anyway, having seen in person the organization of the Museum of Contemporary Art and the activities of other cultural organizations was certainly very useful.

My Thesis, *Cultural and Creative Industries as key factors for Chinese economic development. Analysis of Beijing and Shanghai*, was conceived in order to illustrate the cultural and

creative boost that has pervaded both Beijing and Shanghai and has brought to the settlement to several *cultural* and *creative* clusters. These creative realities present themselves to be very diverse from each other and present some different features on the basis of the cluster is settled in Beijing or in Shanghai.

This paper represents a general overview on the subject, trying to enlighten the processes that drove to the, final, official institution of *cultural* and *creative clusters* first in Beijing and then in Shanghai, and the important role they played in terms of economic development in both cities.

The first chapter of this Thesis aims to clarify the definitions of Cultural Industries and Creative Industries, reporting the works made by institutions like NESTA, Work Foundation, UNCTAD and UNESCO.

Chapter 2 continues on this subject introducing the different concepts of *creative cities* and *creative clusters*.

In chapter 3, the Chinese situation is presented, with a short overview of the socio-economic revolution that interested the nation after the death of the communist leader Mao Zedong, with some critical overviews of the incredible economic growth. Finally, the chapter analyses the official introduction of *cultural industries* on national economical policies, expressed within the *Five Years Plan*.

Chapters 4 and 5 examine Beijing's and Shanghai's different approaches on *cultural* and *creative* industries, and the diverse developments they had in the cities. For both cases, after a short introduction, two creative clusters have been exposed as examples, 798 Art Zone and Songzhuang Art Village for Beijing, and M50 and Redtown for Shanghai. Except for Songzhuang Art Village, I had the occasion to visit personally these clusters, -the ones in Shanghai more than one time.

Chapter 6 is composed by a comparative analysis of the two cities, in which are highlighted the main reasons why creative clusters developed in complete different ways. These reasons are mainly historical and conceptual on the *use* of creative clusters from the local government.

As I expressed at the beginning, I am not a Chinese speaker. That, unfortunately, has had some consequences during the writing of this Thesis: I had no access to updated datas that could have been found on Chinese websites, as well as, in some occasions I could not double check my bibliographical sources with the original documents, that were as well in Chinese. Although the difficulties, I decided to write a general overview on this theme because of a lack of information that I have observed in Italy. All my references are papers, essays or even PhD thesis produced outside Italy and most of them outside Europe. With my direct experience in China, even if it was a really short one, I realized that the conception I had about the same China had been misled, and it did not reproduce the truth reality. By studying and writing this paper and by living there and working

in a -private- cultural institution I had the opportunity to see in person the efforts did and the investments undertook to provide Chinese cultural and creative organizations the right tools to compete in a worldwide context, but, at the same time, I realized how much there is still to do and how many possibilities there could be for foreigners investors, provided not only with money but, above all, with experiences.

China is actually trying to change its imagine, shifting from *Made in China* to *Created in China*: the process is still very long to go, but the right foundations have been put down.

1. *Cultural Industries* or *Creative Industries*?

1.1 An Introduction

How many times we have heard the expression “creative industry” in the last years? How many times by saying something like “cultural industry” we intend to define every kind of cultural activity a city has planned for its citizens? How many times we have thought that the difference between cultural and creative is only a matter of personal preference on the use of the terms?

The aim of this first chapter of my thesis is to put a little bit of order within the various definitions, trying to make clearer the differences and the specifications of each expression.

The two terms have origin in two different contexts, but their set of references is clearly shared: they both refer to “how cultural goods are produced and disseminated in modern economics and societies”¹.

The interest in *the culture* industry began with the work of Frankfurt School scholars Adorno and Horkheimer in the late 40’s and it kept to be object of studies and researches over the last sixty years; the context of what a cultural industry is had been subjected to different variations of its own meaning. Several scholars have been defining *cultural industries*, each time

¹ Hesmondhalgh D., *Cultural and Creative Industries*. Forthcoming in Tony Bennett and John Frow (eds) (2008) *Handbook of Cultural Analysis*. Oxford and Malden, MA: Blackwell.

choosing a diverse perspective that resulted in a different definition.

In 2001, Throsby pointed out that *cultural industries* have three main characteristics:

- "they involve some form of creativity in their production";
- they are "concerned with the generation and communication of symbolic meaning";
- "their output embodies, at least potentially, some form of intellectual property".²

Two years later, Towse's definition of *cultural industries* sees them as something that "mass produce goods and services with sufficient artistic content to be considered creative and culturally significant. The essential features are industrial-scale production combined with cultural content. The cultural content mostly results from the employment of trained artists of one sort or another (creative artists, performers, craftspeople) in the production of goods in the cultural industries, but it may also arise from the social significance that attaches to the consumption of goods"³.

In 2007, Hesmondhalgh defined *cultural industries* as "those institutions (mainly profit-making companies, but also state organizations and non-profit organizations) that are most directly involved in the production of social meaning. [...] These

² Throsby, D. (2001) *Economics and Culture*, Cambridge University Press

³ Towse, R. (ed.) (2003) *A Handbook of Cultural Economics*, Cheltenham, Edward Elgar Publishing

are all activities the primary aim of which is to communicate to an audience, to create texts.”⁴

Despite all the difference in the definitions, there are some points that each of them stresses: the symbolic content of the cultural output, the double nature of the products, cultural and economical, an industrial based production and the intellectual property. All these elements had brought to a change on culture policies: now the attention and the emphasis go to the distribution, in order to reach a large number of audiences. Quite soon, at an international level, cultural policies started to be used as a powerful tool to regenerate cities and transform them in world known cultural centers and touristic destinations: local and regional development started to speak the *cultural industries* language.

From the mid- 1990s another term spread all over national policies in different countries of the world. For some scholars, it was Australia’s *Creative Nation* report, 1994, the first time that the expression *creative industries* was used in an official document. However, the world wide recognition of it will arrive four years after, in 1998, and *creative industries* will become one of the most important elements of Tony Blair’s policy.

It is in this year that the DCMS (Department of Culture, Media and Sport) publishes the Creative Industries Mapping Document report which aim is to put into effect the CIFT (Creative Industries Task Force).

⁴ Hesmondhalgh D. (2007). *The Cultural Industries*, London, SAGE

According to DCMS report, creative industries are all the industries that require

"creativity and talent, with potential for wealth and job creation through exploitation of their intellectual property"⁵.

DCMS's report pointed out very clearly the importance reached by cultural policies at a national level: it represents a milestone in the evolution of the concept and the first, scientific, attempt to shape what a *creative industry* is.

According to the report, are considered *creative industries*:

<i>Advertising;</i>	<i>Interactive Leisure Software;</i>
<i>Architecture;</i>	<i>Music;</i>
<i>Arts and Antiques Market;</i>	<i>Performing Arts;</i>
<i>Crafts;</i>	<i>Publishing;</i>
<i>Design;</i>	<i>Software and Computer Services</i>
<i>Designer Fashion;</i>	<i>Television and Radio</i>
<i>Film and Video;</i>	

At a first look, it appears that Gallery, Libraries, Archives and Museums (GLAM activities) were not included in the list. Why? The DCMS report was meant to be the symbol of a deep change promoted by Blair's administration. Before the report, the DMCS

⁵ Creative Industries Mapping Document, 1988, London.

was the Department of National Heritage [DNH], so in order to be strong enough, Heritage had been left out.

From both a national and global point of view, *creative industries* are now perceived as a key factor for economical growth, thanks to the employment possibilities they can procure and the incomings obtained with export activities. According to Garnham's claims though, (2005), the use of *creative* permitted a "broad definition"⁶: dance, craftsmanship design activities and fashion were included into the *creative industries* definition, gaining an important position in this booming commercial sector. Moreover, the inclusion of computer software, gave Blair the possibility to present *creative industries* policy as a stronger one, guarantying it a larger market coverage.

In conclusion, while it seems that *creative industries* represent the natural evolution of the *cultural* ones and they both concern about "the specific dynamics of symbolic production and circulation"⁷, the main difference between the two term, according to Hesmondhalgh, is a less strong conception about the role culture, or creativity, does cover in modern economies and societies.

As I will expose later, the Chinese case differs a little from the European one, as the difference between the two terms is full of political issues.

⁶ Garnham, N. (2005). *From Cultural to Creative Industries: an Analysis of the Implications of the "Creative Industries" Approach to Arts and Media Policy Making in the United Kingdom*, International Journal of Cultural Policy 11,1: 15-30.

⁷ Hesmondhalgh D., *Cultural ...* p. 9

1.2 NESTA and Work Foundation: new developments on cultural policies

Since the first appearance, the interest for *creative industries* has never decreased.

NESTA (National Endowment for Science, Technology and the Arts), is an independent English charity which produces reports on art, science and technology themes. In 2006, it published *Creating Growth: How the UK Can Develop World Class Creative Business*, that represented a critical study of DMCS report. NESTA's work pointed out that the main definition of *creative industries* is too general. Following Garnham's critiques, NESTA's report claimed that with that sort of definition, activities "not commonly regarded as creative"⁸ are now considered as creative ones. The inclusion of such different sectors, like software and computer services, does not allow an objective analysis of the economic impact of the creative industries. In addition, always for NESTA, the DCMS's definition includes sectors without making a division among them according to their size. Without the differentiation is hard to understand how each one of these sectors will influence the economic growth. In conclusion, DMCS's definition is too descriptive, and even if "DCMS definition was not intended as an analytical model of the creative industries, it has had implications for how the creative industries have been conceptualized. The DCMS definition is based around creative outputs (in many cases, products). This in

⁸ NESTA, Higgs P, Cunningham S, Bakhshi H.(2006). *Beyond the creative industries: Mapping the creative economy in the United Kingdom*, p. 28.

effect makes creativity the only determinant for inclusion because it does not differentiate between the sectors on the basis of the typical commercial value chains that exist in each sector.[...] In other words, the definition does not focus on how economic value is created. Most significantly, it does not recognize differences in market structures, distribution mechanisms and consumption patterns between the creative sectors".⁹ In addition, the definition does not consider that some of the sectors included in the list of *creative industries* rely on public fundings.

NESTA's report proposed itself as a tool for "a renewed policy approach to the *creative industries*"¹⁰, not to replace DCMS but to go further with the development of creative industries policies. In order to do that, the creative industries had been divided into four interconnected groups:

- *Creative service providers*: creatives who earn thanks to their personal IP, like advertising agencies, design and architecture studios and new media agencies;
- *Creative Content Producers*: enterprises that produce copyright protected IP which is distributed to audiences. The incomes derive from several related businesses like sales, advertising and subscription. "Creative content enterprises typically include film, television and theatre production companies, computer and video game

⁹ *Ibidem*

¹⁰ *Ivi*, p. 29

development studios, music labels, book and magazine publishers, and fashion designers. Depending on the sector this upfront investment can be substantial, and so as a result the investment often takes place on a project-by-project basis rather than in the context of an ongoing and sustainable business. Hence within this group a loose but important distinction can be made between those enterprises that focus on the next individual creative project and those that are structured to develop a sustainable “production line” of creative products and an increasing body of IP for renewed exploitation.”¹¹

- *Creative Experience providers:* enterprises that sell the customer the right to live some experiences like a theatre, opera or dance performance; the concept could be extended also to cultural and touristic promotion organizations;
- *Creative originals producers:* creatives involved into material creations and realization of objects which value derives directly from their authenticity, exclusivity and originality. Design/ craftsmanship products, and visual art works are enlisted into the category.

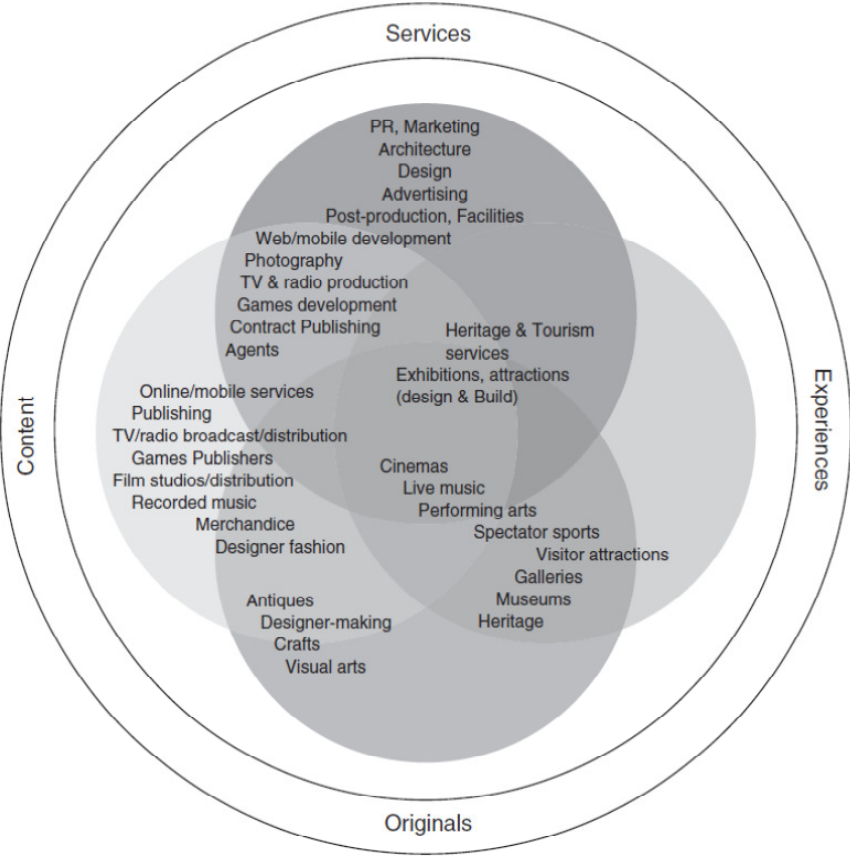
NESTA put the four areas in a model that shows which one of them has the greatest potential for economic growth; the first two categories, the ones that own or produce IP could contribute in a more intense way to economic growth, due to the IP itself:

¹¹ *Ibidem*

IP can be infinitely reproduced, exploited and exported and that could bring, of course, higher incomes, thanks above all to the minimal costs of the reproduction. The last two areas offer unique and exclusive products which cannot be mass-reproduced, and that brings them to offer less growth opportunities and to be less attractive for private investors.

Figure 1.1 NESTA model of creative sectors

Source: NESTA, 2006: 29



In 2007, Work Foundation, a provider of research-based analysis working with Lancaster University, published the report *Staying Ahead: The Economic Performance of the UK's Creative Industries*, which included the Concentric Circles Model. The model, based on Throsby¹² researches, differentiated from the NESTA one's for the highlighting of the co-participation of well-educated and rich people and the development of creative industries. The two factors, together, cooperate for the knowledge economy; this " 'iterative' relationship"¹³ is possible thanks to IT that allows consumers' inputs to change and improve the knowledge offered. Since the activities of creative industries rely on costumers' interaction, Work Foundation's report divided creative contents -and the industries which produce them- according to the 'expressive value' of their outputs. The 'expressive value' "creates new insights, delights and experiences; it adds to our knowledge, stimulates our emotions and enriches our lives".¹⁴

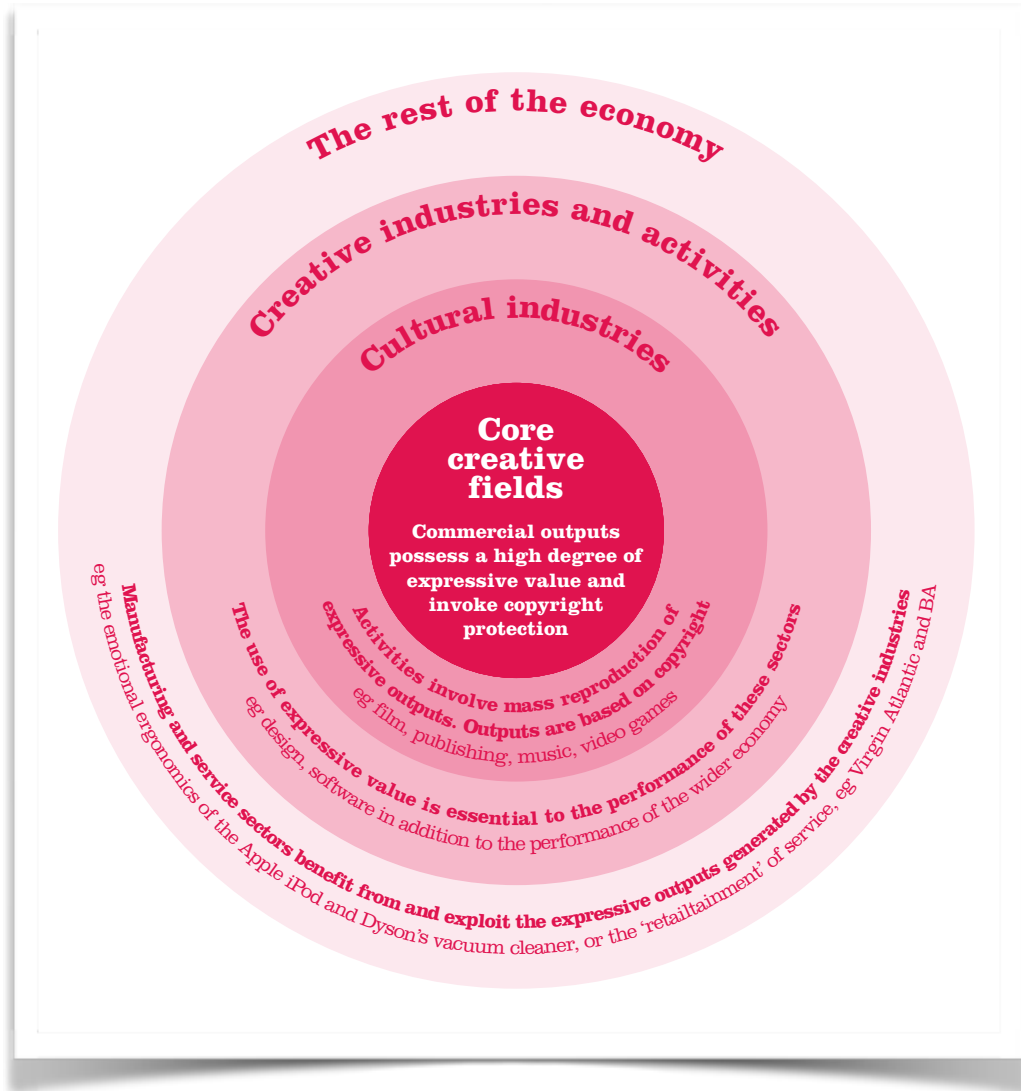
¹² Throsby, D., *Economics...*

¹³ The Work Foundation (2007). *Staying ahead: the economic performance of the UK's creative industries*, p. 17

¹⁴ *Ibidem*, p. 97

Figure 1.2 Work Foundation Concentric Circles Model

Source: Work Foundation, 2007, 103



Work Foundation *Concentric Circles Model* pointed out the never really finished argument about *creative* and *cultural* industries. According to this scheme, *cultural* industries focus themselves on the commercialization of 'expressive value' using music, television, radio, and video games. *Creative* industries, instead,

work more as a link to the so called *wider economy*, delivering both expressive and functional value.

1.3 UNCTAD'S APPROACH TO CREATIVE INDUSTRIES

The United Nations Conference of Trade and Development started to be interested in *creative industries* from 2004, during the XI Ministerial Conference, and in this occasion the creative industries topic was introduced into the international economical agenda.

UNCTAD, within *The Creative Economy Report 2010 – Creative economy: A feasible development option* expressed an approach to creative industries based on a larger concept of *creativity*: “from activities having a strong artistic component to ‘any economic activity producing symbolic products with a heavy reliance on intellectual property and for as wide a market as possible’”¹⁵.

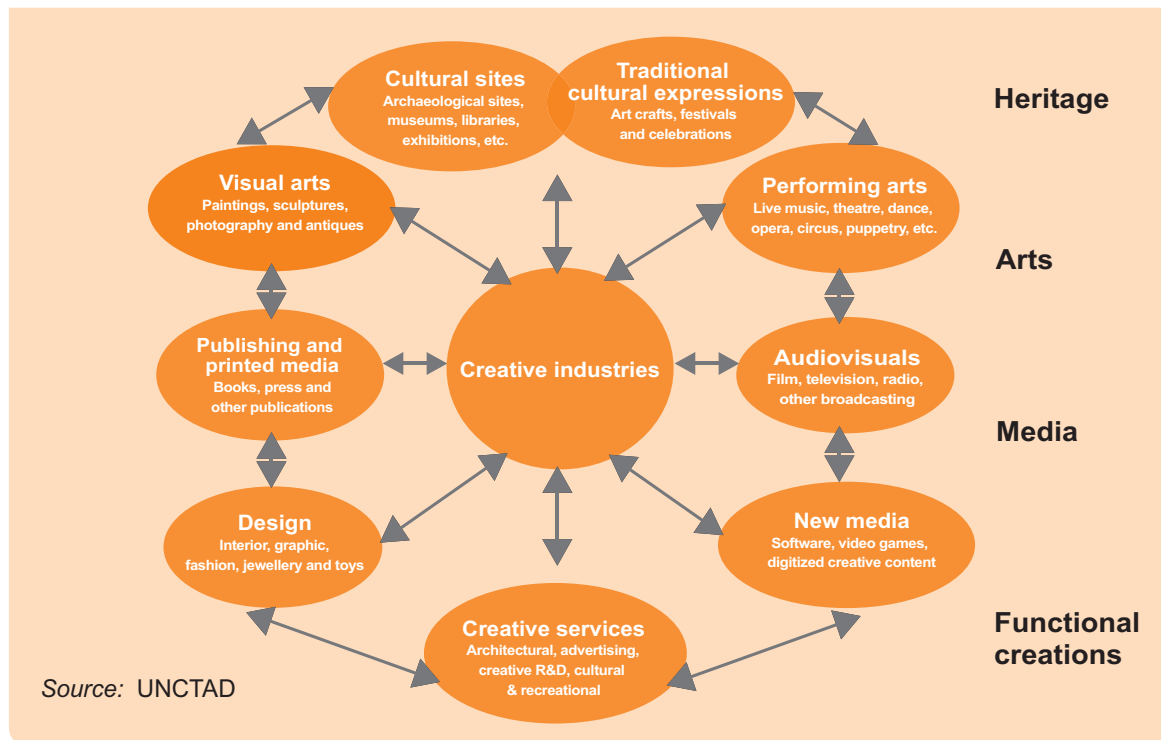
Between all the different kinds of activities taking into account, UNCTAD's report divides them into “upstream activities” and “downstream activities”: the first category comprehends the more traditional cultural activities, like visual arts, while the second is formed by activities, like advertising, closer to the market. This second kind is characterized by low reproduction

¹⁵ UNCTAD (2010). *The Creative Economy Report 2010 – Creative economy: A feasible development option*, p. 9.

costs and it presents itself as easy to be transferred in other markets domain; the combination of the two factors gives the category its commercial value.

The UNCTAD classification divides *creative industries* in four large groups: HERITAGE, ARTS, MEDIA and FUNCTIONAL CREATIONS. These four groups are then divided into nine subgroups, as figure 1.3 shows.

Figure 1.3 UNCTAD Creative Industries Model



- HERITAGE. Cultural heritage is considered the base of all artistic expression and the centre of creative and cultural industries, that why is at the initial point of the classification. The group is divided into two subgroups:
 - *traditional and cultural expressions*: art crafts, festivals and celebrations;
 - *cultural sites*: archaeological sites, museums, exhibitions, libraries and archives;
- ARTS. Those creative industries entirely based on art and culture are included in this group. The two broad subgroups in which is divided are:
 - *visual arts*: painting, sculpture, photography and antiques;
 - *performing arts*: live music, theatre, dance, opera;
- MEDIA. The activities included in this group are the ones which aim is to communicate with large audiences the creative content they produce. They are divided in:
 - *publishing and printed media*: books, press and other publications;
 - *audiovisuals*: film, television, radio and other broadcasting.
- FUNCTIONAL CREATIONS. This final group aggregates demand- driven and services- oriented industries. It is divided into three subgroups:
 - *design*: interior, graphic, fashion, jewelry;

- *new media*: software, apps, digital creative content;
- *creative services*: architectural, advertising, cultural and recreational, creative research and development (R&D), digital and other related creative services.

UNCTAD’s report goes on with the attempt to give a definition of what *creative economy* is. From an “historical” point of view, the term *creative economy* was first used in 2001 in John Howkins’ book *The Creative Economy: How People Make Money from Ideas*. Clearly, since 2001 several different definitions of what *creative economy* is have been published, and clearly there is not a ‘right’ or ‘wrong’ in defining it. According to UNCTAD, the definition of *creative economy* is the following:

Figure 1.4 UNCTAD definition of *creative economy*

UNCTAD definition of the creative economy

The “creative economy” is an evolving concept based on creative assets potentially generating economic growth and development.

- *It can foster income generation, job creation and export earnings while promoting social inclusion, cultural diversity and human development.*
- *It embraces economic, cultural and social aspects interacting with technology, intellectual property and tourism objectives.*
- *It is a set of knowledge-based economic activities with a development dimension and cross-cutting linkages at macro and micro levels to the overall economy.*
- *It is a feasible development option calling for innovative, multi-disciplinary policy responses and interministerial action.*
- *At the heart of the creative economy are the creative industries.*

1.4 UNESCO'S DEFINITION OF *CULTURAL AND CREATIVE INDUSTRIES*

Since UNESCO is the United Nations Educational, Scientific and Cultural Organization, it is fundamental to report its definition of *cultural* and *creative industries*.

The term *cultural industries* refers to industries which combine the creation, production and commercialization of creative contents which are intangible and cultural in nature. The contents are typically protected by copyright and they generally include printing, publishing and multimedia, audiovisual, phonographic and cinematographic productions as well as crafts and design.

The term *creative industries* encompasses a broader range of activities which include the cultural industries plus all cultural or artistic production, whether live or produced as an individual unit. The creative industries are those in which the product or service contains a substantial element of artistic or creative endeavor and includes activities such as architecture and advertising.

UNESCO's involvement with cultural industries can be dated back to 1976, when the 19th General Conference of UNESCO took place in Nairobi. During this conference the studies on cultural industries had been commissioned with the aim to use them as a preparation tool for the following international conferences. These first approaches on the theme had not been further developed until the end of the 90's, precisely during the Intergovernmental Conference on Cultural Policies for

Development, which took place in Stockholm in 1998. During this Intergovernmental Conference were settled the basis for the publication of UNESCO first World Culture Report - Culture, Creativity and Markets which stated the relevance of cultural industries as an emerging economical factor and the needs of a strategic development of the same at a global and local level.

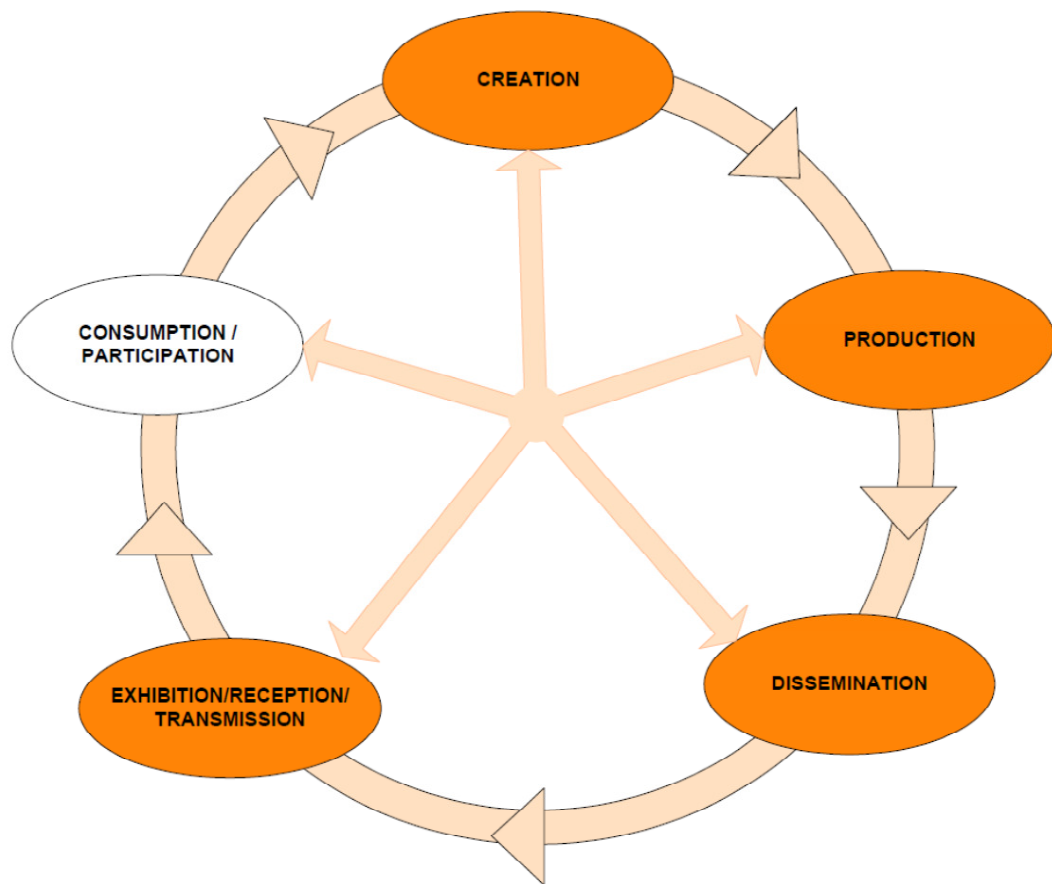
The discussion on *cultural* and *creative industries* came to a commune definition in 2009, in the 2009 UNESCO *Framework for Cultural Statistics*. According to this study, activities related to creative and cultural industries could be put together in a scheme called the Culture Cycle, which is divided in five different phases: each of these phases represents a set of processes that result culture, or creativity, creation, production and dissemination. The aim of the Culture Cycle is to help the countries that use it with the mapping of cultural and creative activities, and , consequently, cultural and creative industries.

The Culture Cycle captures all of the different phases of the creation, production, and dissemination of culture. In this approach, culture can be viewed as resulting from a cognate set of processes. These activities may or may not be institutionalized, and they may or may not be governed by the state. The broad conception of a sector that includes non-formal, amateur and activities unrelated to the market is termed a 'domain' in order to indicate that the concept covers social and non-market related activity, as well as economic, market-related activity.

The concept of the Cycle had been chosen over a more hierarchical prospect in order to highlight the cyclical nature of the process and the complexity of the relationships that characterize it. The five phases are creation, production, dissemination, exhibition/reception/transmission, consumption/participation.

Figure 1.5 UNESCO Culture Cycle

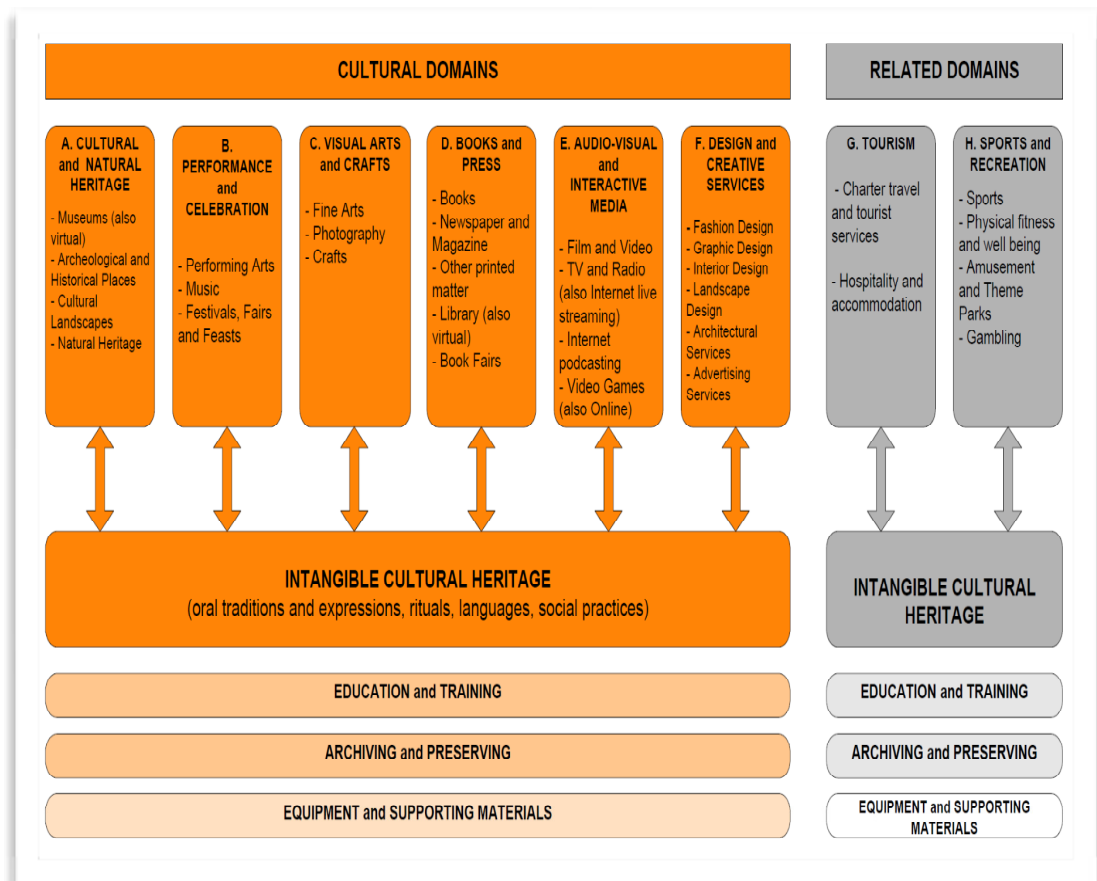
Source: UNESCO 2009



Together with the Culture Cycle, the *Framework for Cultural Statistics* of 2009 divides cultural and creative activities into six main “cultural domains”¹⁶, plus two “related domains”¹⁷:

Figure 1.6 UNESCO cultural domains framework

Source: UNESCO, 2009



The framework, used in combination with the Culture Cycle put on the same level activities produced both by *cultural* and *creative* industries, going beyond the limits imposed by traditional divisions. So the cultural and natural heritage is

¹⁶ UNESCO 2009 *Framework for Cultural Statistics*, p. 24

¹⁷ *Ibidem*

considered the same as design and creative services, as well as books and press products come along with performances, live music and festivals. With this two schemes UNESCO aimed to explore the "specification of the breadth of the cultural sector but also gives a sense of its structure."¹⁸.

As it will be explained in the following chapter, from the definition of *creative economy*, the concepts of *creative cities* and *creative clusters* have been deduced. The paper will go further with a critic overview of the meaning of the two terms and the Chinese contest will be introduced.

¹⁸ *Ivi*, p. 23

2. Creative cities and creative clusters

2.1 The creative cities: the introduction of a new concept

From 1998's DCMS report, different terms related to the *creativity* concept have been introduced in several policies all over Europe, both at a national and a local level.

The most important among them were ***creative cities*** and ***creative clusters***, which represented a significant shift from the general *cultural industries* expression.

In fairness to honest reporting, the concept of *creative cities* was well known even before DCMS report; after 1998, it gained new visibility and a full recognition of value. So, who was the original promoter of this idea?

Back in 1995, Charles Landry and Franco Bianchini wrote an essay entitled *The Creative City*¹⁹, which purpose was to "explore what it means to be a creative city"²⁰. In their publication they pointed out that the connection between *creativity* and the development of an urban area was really nothing new. From an historical point of view, and from the collective imagination, the *city* has always been the location where ideas were originated,

¹⁹ Landry, C., Bianchini F. (1995). *The Creative City*, Demos, London.

²⁰ *Ibidem*, p. 9

artistic expressions voiced, new civilizations met: that was what divided the urban area from the rural one. So, why the stress upon *creativity* is now so important? According to Landry and Bianchini the urban crisis and the social transformations of the last years, added to the shift in terms of production introduced in modern countries -from industrial to "knowledge production"- brought fresh air to the *creativity* concept, translating it into a new, more modern language.

In order for a city to become a *creative* one, Landry and Bianchini pointed out a series of stages and steps that covered different spheres of intervention: from a general invitation to a removal of "obstacles to creativity"²¹ along with the over crossing of old "networks of patronage"²² that create situations of information asymmetry, to an exhortation to the establishment of creative spaces which will allow a balance between cosmopolitan tendencies and local traditions and a more active participation to the creative process of the citizens, the two authors went on providing examples of cities all over the world that had proved to be innovative in terms of *creativity*. What Landry and Bianchini did not say was how creativity was supposed to be induced into the city's inhabitant, in other words how to foster a new creative class or generation, but their work surely represented a change in terms of city policies.

After 1998, thanks to additional publications, *creative cities* became the new goal to achieve in numerous Western countries.

²¹ *Ibidem*, p. 25

²² *Ivi*, p. 26

Several scholars started to study the phenomena: among them, one of the strongest supporter of the use of *creativity* as a tool to improve city economical and social situation has been Richard Florida.

In his most known books, *The Rise of the Creative Class, Cities and the Creative Class* and *The Flight of the Creative Class*, Florida stated that urban regeneration walks along with *creativity processes*: according to that, metropolitan areas with a high presence of artists, musician and technology workers present a higher level of economic development.

A key concept on Florida's theories is what he calls the *3Ts of economic development*²³: Technology, Talent and Tolerance. These three factors are not meant to be isolated, yet each of them has to be expanded in concord with the others. Tolerance means openness and inclusiveness to all ethnicities and races, talent is defined by high educational levels and technology is conceived as the combination between innovation and pure technical skills: the presence of all these three interdependent factors in an area does not establish the presence of a creative cities, but, if well exploited, they are powerful tools of attraction of investments, workers and new possibilities of development; what Florida proposes is a circular system in which, if the 3Ts are well developed, *creativity professionals* will be attracted into a certain city, the city will transform itself into a *creative* one and by so it will behave like a magnet for high tech, innovative and

²³ Florida, R. (2002). *The Rise of the Creative Class*. Basic Books, New York, p. 228

creative industries, which will attract more *creative people* and so on.

Florida theories had been applied over the years to different cities, first in USA then also in Europe and in the new economical word power nations like India and China, with the aim to create a Global Creativity Index (GCI). In a report published in January 2011 by the Martin Prosperity Institute, which sees Florida as its director [N.d.a], entitled *Creativity and Prosperity: the Global Creative Index*²⁴, 82 nations had been evaluated in terms of “prospects for sustainable prosperity” within a “combination of underlying economic, social, and cultural factors that we refer to as the 3 Ts of economic development—Technology, Talent, and Tolerance. It also compares the GCI to a series of other metrics of competitiveness and prosperity—from conventional measures of economic growth to alternative measures of economic equality, human development, and happiness and well-being”²⁵

Florida’s ideas had been both praised and strongly criticized. It is not this thesis intention to say whether they are effective or not, but surely it comes out that, since the end of the 90’s till nowadays, the theme and the discussions on *creativity* based cities is still up-to-date.

²⁴ Martin Prosperity Institute (2011). *Creativity and Prosperity: the Global Creative Index*

²⁵ *Ibidem*, p. iv

2.2 Creative Clusters

From the on line edition of Oxford Dictionaries the definition of *cluster* is:

- a group of similar things or people positioned or occurring closely together: **clusters of** *creamy-white flowers*
they stood there in a frightened cluster
- *Astronomy* a group of stars or galaxies forming a relatively close association: *there are several clusters in Cassiopeia*
- (also **consonant cluster**) *Linguistics* a group of consonants pronounced in immediate succession, as *str* in *strong*.
- a natural subgroup of a population, used for statistical sampling or analysis: *ten clusters from all the primary health centres were selected*
- *Chemistry* a group of atoms of the same element, typically a metal, bonded closely together in a molecule: *noble-metal clusters supported on an acidic carrier.*²⁶

Omitting of course the astronomy and chemistry relations, a *cluster* is by definition a group, animated or inanimate, constructed on similar criterions. So, speaking in economical terms, what exactly is a *cluster*?

In 1990, Michael Porter's *The Competitive Advantage of Nations*²⁷, the concept of *industrial* or *business cluster* was

²⁶ Oxford Dictionaries (2013), Oxford University Press <http://www.oxforddictionaries.com/definition/english/cluster?q=cluster>

²⁷ Porter, M.E. (1990). *The Competitive Advantage of Nations*. New York, The Free Press

introduced, re-shaping the theory of *agglomeration economies* formulated by Alfred Marshall in 1890: according to him, firms from the same industry tend to gather in the same places, in order to achieve what we now call competitive advantage.

Starting from Marshall's thesis, Porter went on claiming that clusters may gain this competitive advantage in three different ways:

-by increasing the productivity of the same companies in the cluster;

-by driving innovation factors inside the cluster;

-by stimulating new businesses.

Explaining it in other words, according to Porter, a *business cluster* is a geographical location in where enough resources and competences can target the right level to permit the industries of the very same cluster to reach a key position in terms of *sustainable competitive advantage* over other geographical locations operating in the same branch of activities.

Given the general idea of *business cluster* and considering the rapidity with which *creativity* had gained a significant position in local and national policies, it is not a big surprise to notice that the development of *cultural* and *creative industries* and the rise of *creative cities* brought to the establishment of the so called *creative clusters*.

As well as for *creative cities* several scholars have studied the phenomena with a series of different approaches. Among them,

Hans Mommaas' studies are the ones the most relevant. In 2004 he wrote the essay *Cultural clusters and the post-industrial city: towards the remapping of urban cultural policy*²⁸ in which he stated that "cultural clustering strategies represent a next stage in the on-going use of culture and the arts as urban regeneration resources"²⁹: if during the 1990s cities have developed new urban identities with the establishment of their own festivals or the foundation/reopening of museums and theaters, one example upon all is the the opening of Guggenheim Museum in Bilbao which literally transformed the city identity, now policies are focused on the material constitution of "creative spaces, quarters and milieus for cultural production and creativity"³⁰. Of these new spaces, Hommaas had identified seven different categories of *creative clusters*: the analysis presented a deeply varied situation in which clusters "differ in terms of their portfolio of activities, both horizontally and vertically, the way they are financed and managed, their programmatic and spatial position within a wider urban infrastructure and their specific developmental trajectory. They can range from being mostly consumption to production-oriented, from predominantly art- to entertainment-based, from being the result of top-down planning to bottom-up organic growth, from relying on closed and hierarchical to open and network- based forms of finance and management"³¹.

²⁸ Mommaas, H. (2004) *Cultural clusters and the post-industrial city: towards the remapping of urban cultural policy*, Urban Studies, 41: 507-32.

²⁹ *Ibidem*, p. 508.

³⁰ *Ibidem*

³¹ *Ivi*, p. 530

Even if Mommaas analysis was focused on Dutch *creative clusters*, the general features could be applied to *creative clusters* all over the Western countries.

That cannot be entirely true for the Chinese situation, how the following chapter of this thesis is going to explain.

3. The Chinese Situation

3.1 An Introduction

*"Creative industries are those industries that rely upon creative ideas, skill and advanced technology as core elements, increase value in production and consumption and create wealth and provide extensive jobs for the society through a series of activities."*³²

China, 2013. What is now the meaning of creativity in this country with a contradictory soul?

From the DCMS report, the definition of *creative industries* has been changed and modified countless times, and the same happened in China. As this chapter will illustrate, in the two cities most involved into the *creative economy* process, Beijing and Shanghai, the difference in the use of the terms *creative* and *cultural* industries hide an issue that relates more with politics than linguistics.

The Chinese concept of *creative economy* embodies the "aspirations of municipal and local governments to generate capital from the cultural market"³³: in a few words, it's a "top-down planning"³⁴, rather than a liberal emerge of strategical and

³² Li Wuwei (2008) *Creative Industries are Changing China* (Chuangyi gaibian Zhongguo), Beijing: Xinhua Press

³³ Li, W.W. (2011). *How Creativity is Changing China*. Bloomsbury, London. Ebook format.

³⁴ *Ivi*

organizational objectives in order to create clusters, scenes or quarters able to generate profits. So, if this is the prelude, how has the Western concept of *creative industries* been modified in order to be accepted and exploited in the new era of Chinese economy?

3.2 The Evolution of Chinese Economy

During the last years, the most recurring words in essays, publications, newspapers are surely the ones related to the crisis that stroke the universal economical balance. Despite the critic circumstances, since 2004 *creativity* spread with increasing rapidity, questioning those same characteristics that helped the advance of the economic giant of the People's Republic of China.

In order to better understand the significance of the changes occurred during the last years, this chapter will be used as an historical digression on Chinese economy.

If we think about China now, we might have in mind two very different imagines: the one of Mao's era and one of the several megalopolis, like Shanghai, Chengdu or Guangzhou which number of inhabitants are increasing at a very fast pace. What makes the comparison within the two imagines very impressing is that the time difference between them is about thirty years; China "is currently the world's second-largest economy, largest merchandise exporter, second-largest merchandise importer, second-largest destination of foreign direct investment (FDI),

largest manufacturer, and largest holder of foreign exchange reserves."³⁵

The turning point for the economic revolution was 1979. Before this moment, Chinese economy was planned and centrally controlled by Mao Zedong and the Communist Party. The state controlled production goals, resources' allocation and prices, and in order to provide a rapid industrialization, large-scale investments were undertaken: by the end of the 70's most of the industrial production was produced by state-owned enterprises. Free competition, private intervention and foreign investments were barred and the trade with foreign countries was generally limited to the only goods that could not be made or obtained into the Chinese soil, or the the countries belonging to the Soviet bloc.

Mao Zedong died in 1976 and his successor, Deng Xiaoping, is the one who started the renovation and the reformation of Chinese economy. Since 1979 he launched several economical-financial measures which target was to break the former Soviet-style policies and embrace the free market principles opening trades with the West, in the attempt to raise economic growth and living standards.

Starting with incentives for farmers and the establishment of special economic zones on the coasts, aimed to attract foreign investors and to import high technologies products to fill the

³⁵ Morrison, W. M., (2013). *China's Economic Rise: History, Trends, Challenges and Implications for the United States*, Congressional Research Service, <http://www.fas.org/sgp/crs/row/RL33534.pdf>, accessed 28 November 2013

blanks of Chinese technological development, the renovation was officially underway. The decentralization of economic policies was the next stage and trade was the main target. More power was given to local governments that were now able to operate within the principles of the free market. Moreover, the private initiative was now supported and stimulated, "additional coastal regions and cities were designated as open cities and development zones, which allowed them to experiment with free market reforms and to offer tax and trade incentives to attract foreign investment"³⁶, price control was gradually abolished: the situation was now ready to attract foreign direct investments (FDI)

The effect of the economic renovations were clearly visible within the annual gross domestic product (GDP) datas. On the basis of the Chinese government, from 1953 to 1978 annual GDP was at 6.7% although many economists claim that, due to the official function of these datas, the datas themselves were exaggerated by the government. "Economist Agnus Maddison estimated China's average annual real GDP during this period at 4.4%. China's economy suffered economic downturns during the leadership of Mao Zedong, including during the Great Leap Forward from 1958 to 1960 (which led to a massive famine and reportedly the deaths of tens of millions of people) and the Cultural Revolution from 1966 to 1976 (which caused political chaos and greatly disrupted the economy)"³⁷. After 1979, China's

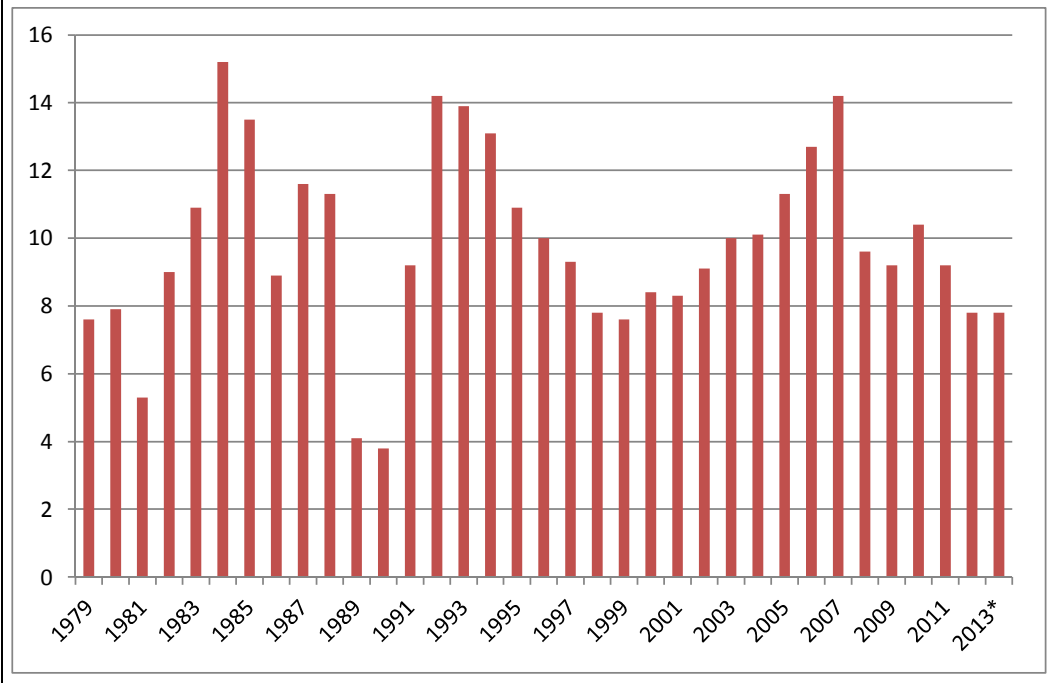
³⁶ *Ivi*, p.3

³⁷ *Ibidem*

GDP has grown by 10%, meaning that Chinese growth has been double its size every eight years.

Figure 3.1: Chinese GDP growth 1979-2013

Source: IMF.
Note: * Data for 2013 is the IMF's projection made in July 2013



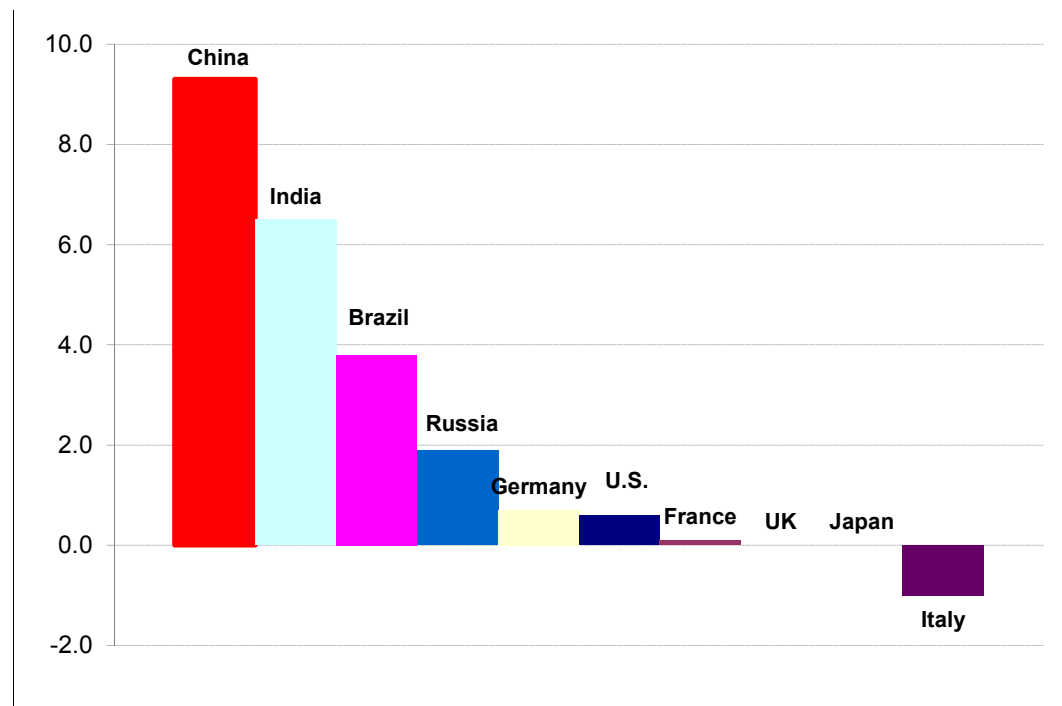
The 2008 global economic slowdown did not spare China. Especially for the export sector, Chinese “GDP growth fell from 14.2% in 2007 to 9.6% in 2008 to 9.2% in 2009”³⁸ but the crisis was faced with an massive monetary policy and the implementation of a important set of economic stimulus; the result was an increase in domestic investments and consumption. As Figure 3.2 shows that, despite the

³⁸ *Ibidem*

circumstances, China has been able to maintain its growth rates, unlike other major economies.

Figure 3.2: Average GDP Growth Among Major Global Economies: 2008-2012

Source: Economist Intelligence Unit database



3.3 Chinese economic growth: causes and critical outcomes

Economists have generally explained China's incredibly rapid growth with two principle motivations: on one side, a large-capital investment financed both with domestic resources and foreign investments, on the other the quick productivity growth. These two factors, added to the economic reforms, brought

China to experience a higher economical efficiency, which acted as a lure for more investments.

“China has historically maintained a high rate of savings. When reforms were initiated in 1979, domestic savings as a percentage of GDP stood at 32%. However, most Chinese savings during this period were generated by the profits of SOEs,[state-owned enterprise] which were used by the central government for domestic investment. Economic reforms, which included the decentralization of economic production, led to substantial growth in Chinese household savings as well as corporate savings. As a result, China’s gross savings as a percentage of GDP has steadily risen, reaching 53.0% in 2008 (compared to a U.S. rate of 9.0%), and is among the highest savings rates in the world. The large level of savings has enabled China to boost domestic investment. In fact, its gross domestic savings levels far exceed its domestic investment levels, meaning that China is a large net global lender.”³⁹

Improvement in productivity and increases in efficiency had been possible thanks to a sharper reallocation of resources, in order to provide them in sectors that, prior Den Xiaoping’s reforms, were massively state-controlled; agriculture, trade and services started to be competitive, efficient and market-oriented. New techniques and new technological innovations were assimilated by this promising market situation, and foreign investors, which were now very welcome, did not miss the opportunity.

³⁹ *Ivi*, p. 5

Clearly, if the combination of these factors was the cause of the Chinese economical awakening, the very same are the ones that brought China at the current critical situation: negative externalities from the environmental and social point of view, pollution and income inequality -just to name a few, have become increasingly more evident over the last years, as well as the need, for Chinese enterprises to find a different development rather than the mere merchandise export.

If the renovation is out of doubt, China remains what Chinese officials define as *socialist market economy*: the state plays still a control role on the country's economic development, even if now free market has been completely accepted: 'according to one estimate, China's SOEs may account for up of 50% of non-agriculture GDP.'⁴⁰: this non agriculture economical sector is composed by petroleum and mining, telecommunications, utilities and transportation along with various industrial sectors; that brings all this important branches to be shielded from competition.

In addition, the central government employes a large control on the banking system. Without writing what is more pertaining to a financial analysis, this factor is another element of distortion within the free market concepts: "many analysts contend that one of the biggest weaknesses of the banking system is that it

⁴⁰ U.S.-China Economic and Security Review Commission, *An Analysis of State-owned Enterprises and State Capitalism in China*, by Andrew Szamosszegi and Cole Kyle, October 26, 2011, p.1 in Morrison, W. M., *China...* p. 27

lacks the ability to ration and allocate credit according to market principles, such as risk assessment."⁴¹

Poor environmental regulations that cause growing pollution, control on public opinion, unbalances on economic growth, with a over-dependence on exporting, on the development of the urban and rural areas, control on public opinion. These are some of the factors that the last Five-Years Plans aim to change. Since 1953, the Five-Year Plan (FYP) constitutes the main tool the government uses to determine issues regarding economics and social aspects, both from a national and a local level. The plan, due the centrality of the state, defines directions for bank lending and regulates private and semi-private industries. The last one was approved by China's National People's Congress in March 2011 and it will cover the period from 2011 to 2015.

This last Five Years Plan, the 12th, is been playing a very important role for the Chinese economic future: for the first time, a strong stress has been given to the use of new sources of energy, to the financing of the scientific and technological development, to the promotion of an industrial production focused more on services that on goods, in order to create *value* that can be exported. Here, for this last aspect, *cultural* and *creative* industries are in the running.

⁴¹ Morrison, W. M., (2013). *China's Economic Rise: History, Trends, Challenges and Implications for the United States*, Congressional Research Service, <http://www.fas.org/sqp/crs/row/RL33534.pdf>, p. 28

3.4 Cultural and Creative Industries in the 12th Five Years Plan

What if from *Made in China* products could wear the label *Created in China*? This shift “illustrates the state’s focus on ‘independent innovation’ diffused within regional policy, allowing and encouraging new networks and alliances between government, individuals, small and medium enterprises and international finance”⁴². The aim is pretty clear: the cultural and creative industry is now encouraged by the government and China will export *culture* within the rest of the world.

This new *creative* wave is closely link with the post-revolution cultural situation: from 1950’s to 1976 culture was the tool with which population was disciplined, controlled and educated: cultural workers were employed by the state in order to pursue propaganda activities, so their cultural products were voice of the central authorities. Population was basically passive in this process, it was protected from expressions considered negative or unhealthy and even advertisement was banned: it was a “the top-down model of communication” which “denied the audience any real part to play other than to recognize the truth of official communication. The audience was situated at the reception end of the communication process”.⁴³

Within Den Xiaoping’s government, and within the economic reforms, cultural situation started to be opener and freer: culture

⁴² Keane, M. (2007). *Created in China. The Great New Leap Forward*, Oxon, Routledge p. 21

⁴³ *Ivi*, p. 56

was no longer a state monopole and audience was now an active element that had to be reach. With the reduction, or even the absence, of state fundings, cultural workers had to commercialize their production, which became an expression of art and no more a mere government representation.

Therefore the revolution of Chinese cultural system could be summarized in three different steps: it began in 1978, with the Third Plenum of the Communist Party 11th Central Committee, a document that formalized the need to the overall economic re-construction; it went on, from 1993 to 2002 with the promotion of reforms devoted to the industrialization and conglomeration in all sectors, included the cultural one; it was concluded with a major focus on the change from *institutions* to *industry* and *enterprise*, that came along with a great development on new financing models.⁴⁴

China's cultural industries, have been officially formalized on the 10th Five Years Plan: in 2011 China accessed to the World Trade Organization and in 2002 the Chinese Academy of Social Sciences started to produce an annual report titled *Blue Book of Chinese Cultural Industries*. In the 12th Five Years Plan, cultural industries' value and their importance for the socio-economical development are fully recognized, as well as the importance for China to reach a competitive level in the global cultural contest⁴⁵.

⁴⁴ Keane, M. (2013). *Creative Industries in China: Art, Design and Media*, Cambridge, Polity Press, ebook format

⁴⁵ For the test of the 12th Five Years Plan has been used an English translation provided by the British Chamber: <http://www.britishchamber.cn/content/chinas-twelfth-five-year-plan-2011-2015-full-english-version>

The key objectives settled by the government are:

- promotion of a cultural industry infrastructure within:
 - the active development of video, digital and animation productions, of publishing activities and performing arts;
 - the simultaneous endorsement to both the leading industry enterprises as well as to the small/ medium sized ones, with the encouragement of interregional and inter-sectoral collaboration;
 - the improvement of the professionalism of the cultural workers;
 - the increase and enhancing of cultural and creative industries in Shanghai, Beijing, and the provinces of Hunan and Guangdong, following Hong Kong and Macao's experiences.
- Chinese culture export within:
 - specific policies promoted by the government to encourage international cooperation for the export of Chinese cultural scene and the creation of new working positions;
 - strengthening of Intellectual Property Rights (IPR) in order to ensure creativity protection and a right profitability.
- Concentration and convergence:
 - investments for the continuous development of areas characterized by an intense cultural activity such as museums, historical sites, creative business parks and creative clusters;

- establishment of ten cultural industry districts which will foster the harmony between different media and creative expressions.

So, the 12th Five Years Plan shows to be focused on the cultural industries matter both at a national and an international level: to cultural industries has been given the assignment to participate to the new economic trend, with the guarantee offered by the Ministry of Culture of incentives to companies that choose to invest on the cultural/creative development. The copyright issue assumes now a central role for the General Administration of Press and Publication (GAPP) which will be invested on the creation and strengthen of copyright services, as well as on the raise of public awareness about the strategic importance of the protection of intellectual property. This step has indeed a strong international relevance: it is fundamental for China to renew its imagine from the *fake* and *copycats* producer to a *value* producer, able to compete with the worldwide background.

The 12th Five Years Plan represents the attempt to involve in the process of cultural industries development every public administration sector, with the aim to achieve a global awareness of the phenomena and to create the tools to exploit it. So, in the process have been involved the State Administration of Radio, Film and Television (SARFT) and the Ministry of Industry and Information Technology (MIIT). The two agencies are involved into the enabling, and fostering, of the digitalization of Chinese creative works and into the best use of all the possibilities that the Internet and mobile communication technologies represent: according to statistics quoted by Wuwei Li in his *How Creativity*

is Changing China ⁴⁶, in 2009 the market scale of mobile internet was 14.78 billion RMB, and in 2012 the amount has reached the incredible amount of 57.59 billion RMB⁴⁷. These numbers speak for themselves.

If China has with no doubts a great deal of advantages for what concern *production*, low labor costs above all, the lack of research and design innovation is as much clear. A strong emphasis has been given in this direction to the fashion and apparel design industry: imported brands are now common and popular, and Chinese brands aim to enter the competition increasing the quality control, the use of innovative materials and pushing the stylistic innovation.

Within the 12th Five Years Plan, Chinese government published a Cultural Industry Promotion Plan, with finance and tax policies tailored to permit local governments to establish joint ventures and collaborative deals with both Chinese and foreign industries. Also in this Promotion Plan the importance of IPR regulation is stated as well as the need to settle copyright laws.

Both the 12th Five Years Plan and the Cultural Industry Promotion Plan deal with some local realities like Beijing, Shanghai, and the provinces of Hunan and Guangdong.

Beijing is foreseen to support, with the Beijing Bank and the Beijing Municipal Bureau of Culture, an agreement for the development of Radio, Film and Television content production,

⁴⁶ Li, W.W. (2011). *How Creativity is Changing China*. Bloomsbury, London.

⁴⁷ Data collected by IResearch Consulting Group, <http://www.iresearchchina.com/samplerreports/5292.html>

creative works financing and art projects support. A great push is to be given to the publishing industry, with the building of China Publishing Museum, the creation of the National Digital Publishing Base and the development of the Beijing International Copyright Trading Center.

Shanghai, which sees most of its strength in its international allure, will aim to develop new forms of cultural expressions and improve the quality of the already existing creative industries in order to attract the international community that lives in the city. As well as Beijing, the 12th Five Years Plan foresees to build new cultural infrastructure like the Shanghai World Expo Museum, the Shanghai Aerospace Museum, the Sheshan Mountain National Park, the Hongquiao International Dance and Art Center and the Shanghai Hongquiao International History Museum.

Hunan growth on cultural industries is expected to be very high, around 90 billion RMB by 2015, with the expectation that cultural industries will account the 3.6% of the province economy. Hunan Broadcasting System is now the second biggest Chinese television network, after China Central Television; owned by the Hunan provincial government has expanded its services to Hong Kong and North America and a further media market expansion is planned. The cultural exchange, specially with Hong Kong is considered to be a key factor for the province cultural industries.

In Guangdong province, a simultaneous development of Shenzhen and Dongguan is planned, with a specific indication for the two cities to the establishment of clusters which will provide cooperation between cultural companies. The focus of Shenzhen

will be design: the city, in 2008 was signed as *City of Design* by UNESCO, and since then design expression, graphic, industry design, interior and architectural design, fashion, jewelry design, crafts design, has gained a recognition that goes beyond the local success.

3.5 Is Creativity changing China?

The previous chapters have shown the rapid evolution China has lived during the last forty years. From a Soviet-style country to a capitalistic giant which growth seems to be unstoppable. 2013's China has reached a turning point: it "used to be a labour-intensive, resource-exhausting and low-value-added manufacturing power with a lack of core technology and an imbalanced ecological system"⁴⁸. Now the situation is being changing under both international and internal pressures, and *creativity* has to play a fundamental role in this transition. *Cultural* and *creative* industries have acquired a central position not only thanks to their economical potential, but also because, with the economical revolution, Chinese society has changed too: people are now global consumers, attracted not only by the mere object but also by the *value* that comes with it, and they have at their disposal more than one option of choice.

At the same time, Chinese government has been promoting the role of *cultural soft power* to emphasize the sense of national cohesion and to improve the country's image. *Creativity* proves to be a very important strategic choice for China: it allows to consider *culture* as a resource that has to be utilized with modern elements, combining technology, market demand and creativity to gain access to the international high-value market.

⁴⁸ Li, W.W. (2011). *How Creativity is Changing China*. Bloomsbury, London ebook format

4. BEIJING CULTURAL AND CREATIVE CLUSTERS

4.1 An Introduction

As stated in the preceding chapter, the post-Mao era represented for China the awakening from an economical and social point of view. Big and massive reforms have been carried out in order to transform the previous communist state imposition to a more opened one, gaining a lot in terms of competitiveness.

Chinese new national policies had been targeted on the formation of a different kind of economy, a knowledge based one, with a massive amounts of investments for the building of innovative infrastructure, for the establishment and the improving of laws regulating intellectual property, for a pressure on the direction of R&D endorsement. Both the public and the private sectors had been involved in the process, and the coexistence of the two was one of the first signals of the change in act.

Information and Technology Industry had been the sector with the most relevant, and rapid, development: in a few years China's IT branch had become one of the world's top, achieving a competing position and creating a large number of job positions.

After this boost, the idea that technological advancement could be used as an incentive for the institution of IT centers became central for the "reconstruction of planned traditional electronics bases, such as the Jiuxianqiao electronics district, where China's

first computer was born in the 1960s.”⁴⁹ After that, several IT centers were established all over China, with a significant convergence of market forces and both Chinese and international investments. Following the shift in terms of production, all those IT centers that were previously focused on hardware manufacturing started to focus soon on software development and Internet based services, and consequently, by decision of the Ministry of Science and Technology, National Torch Software Development Bases were instituted, and among them, for example, the Beijing Software Park and the Shanghai Software Park.

The rapid and intense development of IT Industry is a factor that had gone at the same pace with the increase of attention that had characterized cultural and creative activities, such as performing arts, publishing, design and public media. Summarizing the reasons why this growth had occurred, three main reasons could be identified:

- firstly, as it was highlighted in the previous chapter, the drop of public fundings that occurred with the transition to a market-based economy, caused the need for culture to become more commercialized in order to achieve larger audiences and to find new sources of incomes;
- secondly, within the economic revolution and the consequent salaries increase, leisure time had soon acquired the meaning of quality time: people had become more willing to spend

⁴⁹ Wang, J., (2005). *Beijing and Shanghai in Comparison*, Department of Geography Peking University, World Bank Policy Research Working Paper 3545, p. 4

money on entertainment with culture turning into something less of a niche and more popular;

- thirdly, after a considerable import of overseas products, the Chinese domestic market had shown a rapid boost, with the establishment of a national mass-media industry and the raise of the issue of protection for smaller, local, culture industries and the need of a copyright regulation.

An important precision has to be done: even if the import of West cultural products has proved to be very remarkable, the same cannot be said for what concerns the *concept*, or the use of the concept, of *cultural* and *creative* industries and their relationship with the state. Chinese state not only promoted cultural industries, as seen with the analysis of the 12th Five Years Plan, but kept maintaining a firm control over cultural production. What Chinese government had acquired from abroad is the conception of cultural and creative industries as stimulators for urban renewal and economic growth, not the idea of a not controlled cultural production.

State role covers a conflicting position and this could be seen with the strict “adoption of the terms ‘cultural industries’ (*wenhua chanye*) and ‘creative industries’ (*chuangyi chanye*) in official documents”⁵⁰. Shanghai, in sharp contrast, officially chose to use *creative industries*, while Beijing and all the other realities, refused to use that expression adopting *cultural industries*. The difference among the two definitions

⁵⁰ Ren X., Sun M. (2012). *Artistic Urbanization: Creative Industries and Creative Control in Beijing*. International Journal of Urban and Regional Research, 36.3, p. 508

does not rely only on semantics: *cultural* industries emphasizes the role that the state plays in wanting the monopoly of state firms. As Xuefei Ren reports as an example, “the Tenth Five-Year Plan (2001– 05) urged that issues of the ownership of state-owned cultural enterprises be resolved by separating business functions from non-profit and propaganda functions, but at the same time it also insisted on the dominance of state-owned cultural enterprises (State Council, 2001). The Eleventh Five-Year Plan (2006–10) welcomed private capital investment in the infrastructure development of creative industry parks (State Council, 2006). The Cultural Industry Revitalization Plan of 2009 stressed the urgency of developing cultural industries to fight the economic recession, and insisted on the leading role of state-owned cultural enterprises while allowing other forms of ownership (State Council, 2009). The 2009 Revitalization Plan also laid out promotional policy measures, such as lowering the barriers to private capital investment in the cultural sector, increasing government funding, and providing tax breaks and more financing options for enterprises.”⁵¹

⁵¹ *Ibidem*

4.2 Beijing: the urban renovation and the institution of cultural and creative clusters

The adoption of the neoliberal market philosophy changed China not only from a socio-political point of view, but had repercussions on the urban conception of Chinese big cities.

As capital city, Beijing was the first one which experienced important changes on its urban asset, with real estate dimension achieving an increasing role within the transformation. The modification of the city structure was not only devoted to the restoration of declining quarters but was part of a broader strategy: the aim was to transform Beijing in a reality able to attract investments, allowing it to gain an appealing position at a global scale. The former socialist blocks had been definitely overtaken and Beijing, followed by Shanghai and the others metropolis, plays an active role in the competitive market role.

In concordance with the development occurred at a national level, culture assumed importance also within the city policies, that started to be more focused on the conservation of historical heritage and, at the same time, on the promotion of new spaces dedicated to culture.

With a population of 20.693.000⁵², Beijing has been going through relevant transformation, with the 2008 Olympics as temporary milestone for the several urban implementations

⁵² "北京市2012年国民经济和社会发展统计公报". Beijing Statistics Bureau. 2013-02-07. Retrieved 2013-02-18, found on <http://en.wikipedia.org/wiki/Beijing>

undertaken by the city government. One of the most important symbols of the changes in the city structure was the official institution, or recognition, of creative clusters which played a “role as harbingers of urban spatial transformation”⁵³.

Adopting what could be defined as the Western new wave of interest on creative clusters, but translating it into Chinese way, artists quarters started to appear in the rural area around Beijing, becoming soon not just collectives of artists, but proper villages.

Artists decided to settle on the rural area -instead of using abandoned places in the inner city- in order to gain some benefit from the lack of jurisdictional control and the loose land regulation; but soon, with the acknowledgment of their role as producer of cultural goods, some of these artists’ villages had been officially labeled as art districts by the government. “The state interest in pursuing art-led urban development, while maintaining control over cultural production by quarantining artists in fixed territorial confines”⁵⁴ was part of all the processes launched by the national government in order to attain a valuable *soft power* structure, to shift from a manufacturing-based economy to a knowledge-based one and to position Chinese cities upper on the value chain: Chinese government wanted to promote a new idea of what Chinese production could

⁵³ Ren X., Sun M. (2012). *Artistic Urbanization: Creative Industries and Creative Control in Beijing*. International Journal of Urban and Regional Research, 36.3, p. 504

⁵⁴ *Ivi*, p. 505

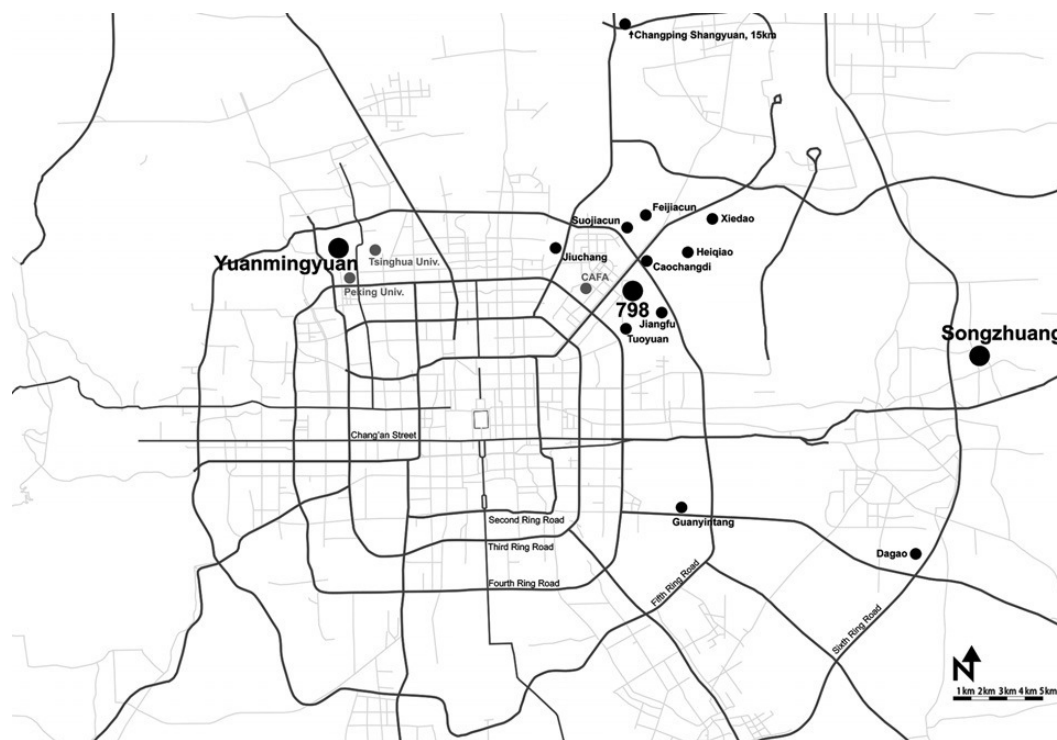
be, encouraging the very same value chain and utilizing artists' villages for the scope.

Lack of jurisdictional control and affordable land: the combination of these two factors shaped the geography of art spaces in Beijing. And the reasons why artists decided to move have to be traced back to the same opening to economic reforms that brought art to be no longer expression of the national propaganda, and cultural professions to be no longer independently sustained by the state fundings. So, with a released liberty of expression but with no economical sustain, artists decided to move to the rural area to work. It is important to say that, as capital city with a thousand-year old tradition, the cultural scene in Beijing was overfilled while the outside area had not yet been conquered by the artists' class.

This outside area, with the constant spatial expansion of Beijing is considered the one around the Fourth and Fifth Ring Road and, as could be seen in Figure 4.1 is the one where most of the artists' villages have been established from 1985.

Figure 4.1 Artists' villages in Beijing, 1985–2010

Source: Ren X., Sun M.



Even if considered to be part of Beijing area, the land in this part of the city is owned by the villagers in a collective form: the only way for the city government to control it, and to gain control over the use of it, is to acquire it and change the land status from rural to urban. Technically the city government does not allow the rental, or the sale to people coming from outside the village, but in practice “village committees and villagers routinely rent out or sell these rights to outsiders”.⁵⁵ That allowed artists to move in the villages, with the intent to build their own ateliers

⁵⁵ Ivi, p. 510

, most of them illegal constructions, at a cheaper condition. Within the development of large artist clusters as Caochangdi and Songzhuang, villagers started to realize the possibility to benefit themselves by establishing studios and then renting them to artists: rapidly, the rural landscape left space for a more urban one, with several projects carried on by artists, locals and private investors.

With this conditions for their institution, it appears evident how the nature of the clusters was provisional. Artists were always risking to be evicted by the owners of the land or to see their studios demolished by the government, or, on the opposite, to loose their with the official approval and support by the same government. Soon, all the area became source of interest for real estate investments, and soon massive projects were set out.

With the approaching of the 2008 Olympics, international attention was all oriented to China and Beijing and the phenomena of artists' clusters gained worldwide attention. In 2008, "Beijing cultural and creative industries achieved total income of 361.48 billion yuan with an increase of 29.4% over the previous year, creating an added value of 81.2 billion yuan with an increase of 15.9% over the previous year, accounting for 10.3% of Beijing's GDP"⁵⁶, and the trend had kept to be positive. Artists' creative clusters have proved to be, since then, a very powerful tool for the achieving of state objectives of international competition and establishment of *soft power*, in addition to the

⁵⁶ Zhao J., Qi Z.,(2012). *Cultural and Creative Industry Cluster: a Case of Beijing*, International Journal Learning and Intellectual Capital, Vol. 9, Nos. 1/2, p 55.

impressive economical impact, both from a local and a national point of view.

4.3 Cultural and creative clusters types

Beijing cultural and creative clusters belong to nine different sectors: culture and arts, press and publication, television and radio, computer and software services, advertising, art trade, design, entertainment and tourism, and, finally, support services.

Resuming a study conducted by the *Beijing Cultural and Creative Industries Survey*, Zhao and Qi, 2012, divide Beijing cultural and creative clusters into three main categories⁵⁷:

1. *loose cluster*: characterized by spontaneous and non-governmental formation, it represents a group of artists gathered together but without creating a close contact among them. The cultural activities set out by the artists are diverse and that allows them to expand their influence, from both an economical and a cultural aspect. 798 Art Zone is an example of a *loose cluster*;
2. *civil society cluster*: large scale development is the motif behind the formation of this kind of cluster, in which a high number of artists gather together in order to produce commercial paintings and to follow business in a stable way. Usually this kind of cluster is managed by civil organizations with relevant experience but a weak government presence;

⁵⁷ Ivi, pp. 56, 57.

3. *government involvement clusters*: local government and investors are the main supporters of this kind of cluster. The cluster is established with a strong government guiding role and a precise planning, like in the case of Beijing's Liulichang Cultural Industry Park: fundamental, since the role of the government is the national relevance that this kind of clusters cover.

The division of the cultural and creative clusters into the three categories helps with the identification of which is the management body behind the cluster itself -after the official recognition of the cluster. In the following figure, the first group of clusters settled in the city are analyzed:

Figure 4.2 Management Bodies of the cultural and creative clusters in Beijing

Source: Zhao J., Qi Z.,(2012). *Cultural and Creative Industry Cluster: a Case of Beijing*, International Journal Learning and Intellectual Capital, Vol. 9, Nos. 1/2, p 57.

<i>Name of cluster</i>	<i>Name of management organisation</i>	<i>Properties of management organisation</i>
Zhongguancun Creative Industry Pioneer Base	Haidian Zhongguancun Administrative Committee	District government agency, administrative unit
Beijing Cyber Recreation District (CRD)	Shijingshan cultural and creative industry base promotion office	District government agency, administrative unit
Zhongguancun Software Park (zPark) Yonghe Park	Administrative Committee of Zhongguancun Science Park, Yonghe	District government agency, administrative unit
Zhongguancun Software Park	Beijing Zhongguancun Software Park Development Co., Ltd.	Enterprise
China New Media Industry Base	Daxing District National New Media Industry Base Administrative Committee	District government agency, public institution of full funding
Beijing Design Resource Cooperation (DRC) Industrial Design Creative Industry Base	Beijing Industrial Design Promotion Centre	Public institution of self-controlled revenue and expenditure
China (Huairou) Movie and TV Industry Zone (CMTIZ)	China (Huairou) Movie and TV Base Administrative Committee	Public institution of full funding
Beijing 798 Art Zone	Beijing 798 Art Zone Construction Management Office	Public institution of self-controlled revenue and expenditure
Beijing Panjiayuan Antic Art Exchange Park	Panjiayuan International Folk Culture Development Centre	Enterprise
Songzhuang Original Art and Cartoon Industry Cluster	Songzhuang Town Government	Administrative unit

As it is shown in the chart, except for Songzhuang Original Art and Cartoon Industry Cluster -which is run by Songzhuang Town Government- all the other clusters are managed as specific agencies or administrative committees with mainly a public

nature, meaning that they act like public institutions or district government agencies.

This combination of government agencies and specific committees prove the relevance, both socio-political and economical, that cultural and creative clusters cover, with policies becoming more mature in programming human resources, management and operation duties as the number of clusters grows, and the participation of the state more intense, through public organs like the Beijing Municipal Development and Reform Commission, the Publicity Department of Beijing Municipal Committee of the Communist Party and the Party itself.

As Wang reported, the Beijing Leading Group Office identified the presence of 21 cultural and creative cluster by the end of 2009: so, with the first 10 exposed in the previous figure, the following cultural and creative clusters settled in the city were: "Beijing CBD International Media industries cluster area (Chaoyang District), State Fair Shunyi Industrial Park (Shunyi District), Liulichang Historical and Cultural Creative Industries Parks (Xuanwu), Tsinghua Science Park (Haidian district), Hui Tong Times Square (Chaoyang District), Beijing Fashion Design Square (Chaoyang District), the Qianmen of Traditional Culture Industries Cluster Area (Chongwen District), Beijing Publishing Logistics Center (Tongzhou District), Beijing Happy Valley Eco-Cultural Park (Chaoyang District), Beijing dahongmen Clothing &

Creative Industries Cluster Area (Fengtai District), Beijing History Cultural Tourism Concentration Areas (Fangshan)⁵⁸.

4.4 798 Art Zone

Worldwide known, the 798 is the most famous artist community of China, and its impact on the development of following clusters has been fundamental, not only on Chinese soil. Its formation represents the transition from a completely independent art community to a tourist attraction fostered by the government.

798 was founded between the end of 1980s and the beginning of 1990s: it was the time during that the role of art was changing within Chinese society, and artists that did not want to be part of this change, or simply could not afford to live within the new conditions, decided to move in the east part of Beijing, in the so called Dashanzi Art District, a suburban area of the city, in Chaoyang district, inhabited mainly by workers and their families. During the 1950s a huge industrial complex was built in the area, the 718 District. It was a German Bauhaus style industry, producing military equipment for China and Russia. Inside the 718 District, 798 was dedicated to light bulbs production: the building, in its complex, was considered the flagship of the success of the Communist Party in China.

⁵⁸Wang H, (2009), *Research on the Development of Cultural Creative Industries Cluster Areas in Beijing*, Capital University of Economics and Business, 100070 & Minzu University of China, Beijing, P.R.China, 10008, p. 339

This success did not last for long: after fifteen or so years, 718 District was divided into smaller companies and the decline of the structure brought it to be shut down in 1980 because of the lack of government support. With the closure of the district and the laid off of the workers, the empty buildings were managed by a the real estate agency Seven Star, of the Huadian Science and Technology Group.

It was a fortunate convergence: many young artists were looking for cheap places where to work, and the Seven Star agency was looking for someone to lease the vacant places of the 798 Factory. Soon, with the increase of the number of artists living and working there, 798 became an avant-garde center, the outpost for an artistic expression influenced by international tendencies and the place where Chinese contemporary art saw an incredible boost. The definite success was achieved in 2002, with the organization of the first international exhibitions and the reaching of an unseen level of attention. Since that year on, galleries from all over the world organized events in 798, or decided to open a separated branch, as well as trendy restaurants and cafes: the market and economic value of the district was a catchy element for capital expenditure and real estate investments.

However the success, the activities in course in the 798 Art District were considered illegal most of the time, and the art community was always risking eviction. In 2004, the government “very publicly ordered the Seven-Star Realty Group to stop administering new leases to the artists. In response, the artists

began subleasing to one another"⁵⁹. Two years later, the same government tried to win the art community for the last time: with the 2008 Olympics coming closer and the great attention gained by the Art District, both the international public opinion and the private investors raised their voice: 798 Art District was in clear contrast with Chinese government, the very same government that was investing on changing Chinese public imagine. It became clear that 798 Art District had to become public fosters, in order to be controlled.

4.5 798 Art Zone: the official recognition

Within a few years, 798 Art District changed its status from an illegal community to one of the top tourist destinations of the contemporary Beijing. The history of the community has been characterized with a constant struggle with the authorities until the official recognition. At the beginning of 2000s, while the identity of the Art District was starting to gain international trustworthiness, artists started to become well aware of their power and founded an art advocacy group, Thinking Hands: trough the group they organized events to promote freedom of expression of contemporary art in China and they organized the first Dashanzi International Art Festival, which became an annual event. Trough the publications of books and fund-raising's activities, international recognition arrived trough the foreign press, which started to enlist the district as a tourist destination.

⁵⁹ Domer, B. N., (2013). *798: PROTEST SUBCULTURE AND CREATIVE INDUSTRY*, Honor Thesis presented to Texas State University-San Marcos, pp. 5/6

With the intensification of government actions aimed to shut down the Art District, public attention went on dealing with it, reporting outside China the conditions the artist community was forced to bear. Within 2005, there were different international galleries present inside the district, as well as different international brand which organized events like fashion shows. The shutting down of 798 Art District would had caused a huge wave of criticism by the international public opinion.

In 2006, the official recognition of the district was formalized with the institution of the Construction and Management Office of 798 Art District, which worked with the Seven Star Group in order to further develop the district.

With the official recognition increased deeply investments and incomes, but, on the other side, forced some of the artists to leave, due to the higher costs, the commercialization of the area and the artists production and a loss of independence: the activities and the events organized by the artists had to be approved by the government. 798 Art District covered an important portion of city government urban policies and development plans: the international relevance, the incomes and the sponsors were no longer ignored. 798 was declared to be the site of a "Creative Culture Enterprise" (创艺产业 Chuangyi Chanye), and it was used as a comparative tool within the institution of the other cultural and creative clusters all over China.

798 had played a fundamental role also on the recognition of Chinese contemporary art, inside and outside China. "Chinese

contemporary art has gone from being unknown to being hyper visible⁶⁰: Chinese contemporary works are now exposed in the major galleries, with a consequent raise in the values of the same works and an official, social, recognition of the role of the artist, which is no longer viewed like a rebel. Contemporary art had proved to be a profitable sector also for people who were not artists: several new work positions were established and creativity has been playing a central role since then.

Figure 4.3, 4.4, 4.5, views of 798 Art District



⁶⁰ Currier, J. (2009), *Art and Power in the New China: an Exploration of Beijing's 798 District and its Implications for Contemporary Urbanism*, *The Town Planning Review*, 79, 2/3, p. 6



Source: www.google.com



4.6 After 798: Songzhuang creative cluster

As it was said in the previous paragraph, the rise of 798 Art District caused a consequent rise in land and rent prices and a lot among the artists living in the district could not afford it anymore. Soon, new artist villages and clusters were formed on the north part of Beijing, precisely in the other side of Chaoyang district and in Tongzhou. However, with the success of 798, government had no interest in foster more than one cluster in the same district, so the ones in Chaoyang were cursed with demolition and the artists forced to leave.

The same did not happen to the clusters in Tongzhou district and among them Songzhuang town remains one of the most important of the entire city.

Located 28 kilometers east of Beijing city center, Songzhuang village was planned to be one of the 11 cultural and creative clusters planned in 2006. Even if it is difficult to state it with official data, among a population of “100,000 residents — 60% villagers and 40% temporary residents — the latter consisting mostly of migrant workers but also including artists”⁶¹, most of them living in Xiaopu village. That does not mean that artists did not have problem with the government in this village, but simply that they were protected by the head of the village, who, well aware of the possible incomes, allowed them to stay.

⁶¹ Ren X., Sun M. (2012). *Artistic Urbanization: Creative Industries and Creative Control in Beijing*. International Journal of Urban and Regional Research, 36.3, p. 512

Songzhuang presents itself as a totally different cluster compared to the 798: even if it is now internationally known, it does not have the same allure of the 798 but yet it is lived by a very diverse artists population, composed by both wealthy and famous artists and art school graduates, by a “creative underclass without a stable income”⁶² and a group of artists with the stable living. Even with this diverse population, Songzhuang role in the diffusion of Chinese contemporary art all over the world is fundamental: in October 2005 the first annual Songzhuang Art Festival was organized, with the sponsorship of the Ministry of Culture, the Songzhuang Township Government, and the Songzhuang Art Promotion Society; the following year’s edition used the newly built Songzhuang Art Museum and the East District Artistic Centre, strengthening Songzhuang's reputation as an arts community. Artists like Liu Wei and the art critic Li Xianting -who is now director of the Songzhuang Art Museum- contributed to rise of popularity of this cluster.

Within the popularity, investments, both private and public, came, and the city government plan is to convert the land of all the villages of the district from agricultural to residential-urban, with a predictable boost of the presence of creative industries workers in the area. Xiaopu village itself had invested on the development of the cluster, with some building projects like the conversion of a bomb shelter into a design studio, that is foreseen to be completed in 2015.

⁶² *Ibidem*

Songzhuang cluster is the example of the development of the cultural and creative cluster as planned by the government: with no struggles or protests, with great investments that will lead to greater incomes, and with a deep transformation of the rural landscape that could interest, in the future, all the area around the city of Beijing.

Figure 4.6, 4.7, views of Songzhang Cultural and Creative Cluster

Source: www.google.com



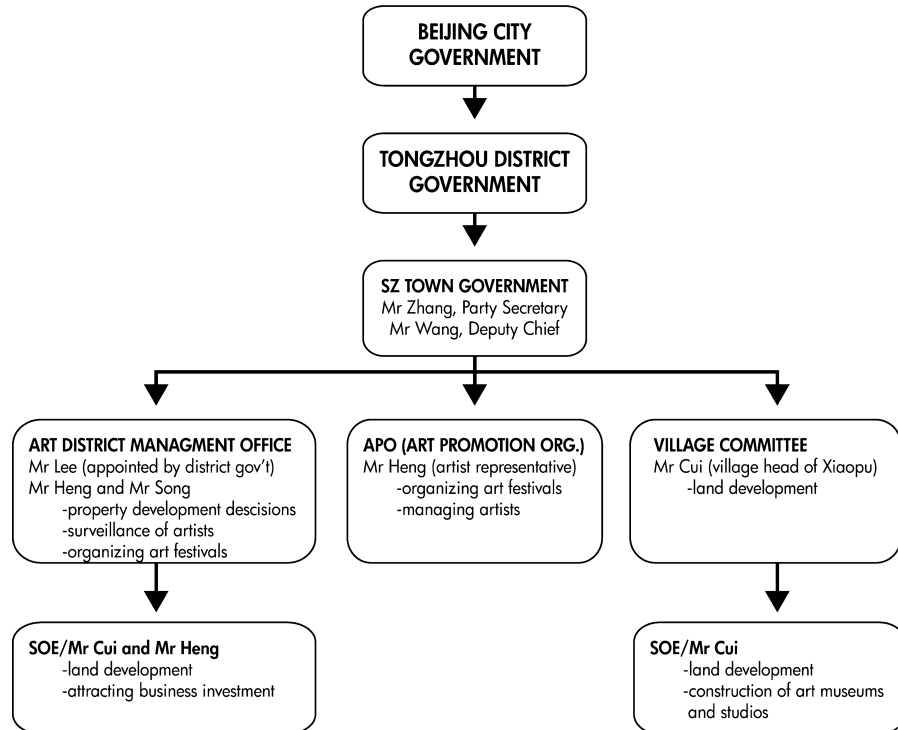
4.7 Control over cultural creative clusters

Using Songzhuang as an example, this paragraph would enlighten the control mechanisms inside cultural and creative clusters, as it has been proven to be an insidious issue.

As Ren and Sun reported in *Artistic Urbanization: Creative Industries and Creative Control in Beijing*, there are four kind of organizations that act for the management of art districts in Beijing area: management offices settled directly by district governments; SOEs, state-owned enterprises, settled by the villages' governments with the aim to develop real estate investments; NGOs acting like mediators between artists and local authorities; village committees, the final level of the hierarchy, represented by villagers and leaseholders.

Figure 4.8 Control of Songzhuang Art District

Source: Ren, Sun, p. 515



As figure 4.8 shows, in Songzhuang there is a convergence of all the four types of organizations: with the state villagers, three different state agencies can be identified with the scope to monitor the district's activity. At the executive board of these organization there are party officials, directly nominated by the district government. It is clear than that even inside, literally inside, the art district, Chinese state has found an effective way to employ its control.

So, the hierarchical structure shows the four layers go government: Beijing on top, followed by the district, Tongzhou,

the town, Songzhuang, and the village, Xiaopu. After 2006 official settle of the district a management office was established by the Tongzhou district government, which appointed also the office head and the two principal members, all of them close to the Party Secretary of Songzhuang town.⁶³ The role of this management office is to control general activities in the art district, to obtain investments and to check artists' activities in cooperation with a NGO, the Songzhuang Art Promotion Organization (APO): main role of the APO is to ensure that artists do not get involved into politically sensitive activities. The very same APO is not constituted by artists but by government officials, even if is a NGO; APO is defined like a civic organization sponsored by the government, in a way to intermediate between the government and the artists' community.

In the organization of the annual art festival or the other events: in this cases the control by the state becomes clear. It all starts with the analysis of the proposal from the lowest level of the hierarchy to the upper ones, the Propaganda Department, the Culture Committee and the Public Security Bureau; as well as the proposal, the material artworks have to be examined and the only basis for comparison is the personal moral judgement of the officials: "There are all kinds of artists here, and some of their works can't be displayed in public. The headshot of Chairman Mao is OK, but the works with strong political tendencies and nude images are not allowed. They will negatively affect children and the public. The town government does the first check, and only after we make sure there's no problem, we send the

⁶³ *Ivi*, p. 515

proposal to the district government for approval of the content and safety issues (interview with Mr. Wang, deputy Party Secretary of the town government, 21 July 2009)⁶⁴

The hierarchical structure works not only for ensuring political quiet atmosphere within the artists' community, but also to exercise power on the villagers, who are, still nowadays, the ones in control of the land. Ren and Sun report clarifies the complex nature of cultural and creative clusters in the area of Beijing. The promotion of Chinese art represents only one of the reasons why both the city government and the state decided to foster them, and it seems that political control over the artists community had played a stronger role on the decision procedures whether to approve them or not.

As the following chapter will describe, the situation in Shanghai presents different point of distance from the one in Beijing.

⁶⁴ *Ivi*, p. 516

5. SHANGHAI CREATIVE CLUSTERS

5.1 An introduction

Shanghai is considered today one of the most vibrant and modern cities, not only compared to inland China, but a worldwide level. The city that we see today derives from more than 10 centuries of development, that transformed it into the a leading industrial and financial centre. After a period of crisis from 1940's to the end to 70's, with the switch of Chinese economy and the shut down of several industries, the city economy started to be focused on the service sector, that "grew rapidly over the last three decades and currently-2012- accounts for 58% of Shanghai's GDP"⁶⁵. The tertiary sector had been developed with four main categories: information and financial services, trade, real estate and creative industries, with the last one directly connected with high technology and IT industries.

Creative and cultural industries in Shanghai had played a different compared to the ones in Beijing since the beginning of their establishment. The city of Shanghai itself has always been different from the the capital: Shanghai was a trade city with economical, and cultural, connections with Europe and it has always been characterized by a more open disposition towards outside newness.

⁶⁵ Chen, Y. (2012). *Making Shanghai a Creative City: Exploring the Creative Cluster Strategy from a Chinese Perspective*, in M. van Geenhuizen and P. Nijkamp (eds.), *Creative Knowledge Cities: Myth, Visions and Realities*, Edward Elgar, Northampton, p. 4

It is not surprising though that Shanghai is one of the first city to be established as Special Economic Zone, SEZ, in order to attract not only investments but also qualified workers.

In 2005, the Shanghai Creative Industries Association was founded and, within the Association, the key factors of development of Shanghai's creative industries were identified: R&D, architecture and design, media and fashion. After 2005 the number of policies and regulations dedicated to creative and cultural industries, and to the formation of creative clusters, increased a lot, including "Regulations for the Construction and Administration of Shanghai Creative Industry Clusters", "the 11th five-year Plan for creative industries in Shanghai", "City Creative indicators for Shanghai", and '2006 Shanghai Creative Industry Development Report'"⁶⁶. Shanghai's economy has benefitted significantly of the potential of creative industries, with the added value of them of 114.8 billion yuan -12.07 billion €, contributing to 7.7% of the city total GDP in 2009.⁶⁷ During the following years, several associations have been settled in order to give support to new creative clusters, or industries, funded in the city, and to create a net of connections among them, like the Shanghai Creative Industries Center, SCIC, the Shanghai Creative Industries Demonstration and Service Platform, SCIDPS, or the research center for creative industries of Shanghai Academy of Social Science, which is run by Li Wuwei, author of several essays dealing with the role of creativity in China and the book *How Creativity is Changing China*.

⁶⁶ *Ibidem*

⁶⁷ *Ibidem*,

Proving to be completely different from Beijing, in Shanghai, each cluster works in a independent way, setting its own policies for what concerns tax reductions, investments and loans or financial helps from the outside. Associations like the SCIC provide general guidelines that each cluster could decide to adopt or not.

Yet in 2009, the creative clusters settled in Shanghai were 75, and they can be divided in four different categories: clusters connected with the SEZs that were settled in completely new buildings; former industrial ares or warehouses converted into creative places; creative associations connected with universities or research centers; traditional creative industries. The four types of clusters present some particularities that are going to be exposed.

The first kind of creative cluster is connected with the institution of SEZs: this brings the cluster to be directly connected with the local government but, at the same time, it means that it is well integrated with the strategies of urban development promoted by the same government and its financial policies and it could profit of a connection with the other companies included in the SEZs. An example of this kind of cluster is Zhangjiang Cultural and Technology Creative Industrial Base, which is part of the Zhangjiang Hi-tech Park: located in the Podung, the suburban-industrial area of Shanghai, this cluster is focused on the production of information technologies, R&D and multimedia production. As reported by Chen, small enterprises that are part of the cluster which proved to have innovative projects but lacks of fundings, could "benefit not only from preferential policies

such as tax relief, but also from facilities and first-year office rent exemption when locating in the Base. As a return the Base requires a 5% sharehold from the company. Furthermore, the Base established a 120 million yuan (12 million €) foundation to subsidize original creativity through initial grants⁶⁸ .

Dismantled industrial spaces or warehouses are the base for the second kind of creative cluster. Several of these clusters were founded by local artists looking for affordable spaces where to settle their own ateliers. If at the beginning, the organization of this clusters was *bottom-up*, with the artists playing a leading role in the administrative and management issues, with the increase of the number of the clusters, the government turned it soon into a *top-down* governance, even if, in comparison between Beijing artists' villages, there was no sign of protest against the same government. The first clusters that were settled in former warehouses are also among the most famous of the city and they have been enlisted into the tourist attractions' list: in 2005, Tianzifang, M50, No. 8 Bridge and Creative Warehouse were established as creative clusters and today they are among the most visited places in the city.

The third type of creative cluster could be physically located near a university area or it could work in association with it: human resources and new ideas could be shared between universities and creative cluster and this is what happens between Tongji University and the Architecture Design Street established very closed to it.

⁶⁸ Ivi, p. 6

The fourth and last type represent the connection between a previously existing creative industries and new ones organized as a cluster, like the Shanghai Animation Film Studio.

Along with interventions for the institution of creative clusters, the creativity boost that has characterized Shanghai in the last ten years brought the city to improve its aspect with the renovation of different urban areas, like the Bund or the French Concession, that can be defined, today, as the nicest zones of the city. Important cultural centers, such as the Shanghai Art Museum, the Shanghai Grand Theatre, the Museum of Contemporary Art and the Shanghai Urban Planning Exhibition Hall, located all around People's Park, form the cultural heart of the city and they are all very young institutions. At the same time, a series of international events and festivals had been launched, or hosted, in Shanghai, with a deep increase of the its global visibility: the Shanghai International Film Festival, the International Arts Festival, the Shanghai Biennale and, finally, the World Expo of 2010 renovated completely Shanghai's imagine.

5.2 Moganshan Road 50: the M50

The institution of Moganshan Road 50, or M50, is the result of a course of action devoted to the reclamation and reuse of an industrial area not too far away from the city center of Shanghai.

Located exactly at number 50 of Moganshan Road, along the banks of Suzhou Creek, or Wusong river, the place was originally a textile mill, the Chunming Slub Mill, one of the several along the river. Starting from the mid of the 1990s, all those industries were hit hard, because considered obsolete, too close to the city center and guilty of serious water pollution problems; one by one, the industries were shut down until the Municipal Government decided to promote a project devoted to change the feature of the area of the Creek.

At the same time, within the knowledge of big, empty spaces that could had been at disposal, artists decided to move in the zone: Deng Kun Yan, Taiwanese architect with several experiences in New York, was the first one to understand the potential of the place. He started turning a red bricked warehouse into a design studio, and soon, other warehouses close to his were transformed into architecture and design offices/studios. In just a couple of years, painters, photographers, sculptures, fashion and interior designers moved in, creating a cultural center that remained famous as the Red Houses of Suzhou Creek. The ultimate consecration was achieved during the 2000 edition of the Shanghai Biennale, during which the collateral exhibition *Fuck Off* curated by Ai

Weiwei and Feng Boyi took place at the Red Houses, assuring a huge amount of publicity to the new born creative center of Shanghai.

Things at the Red Houses did not go in a totally different way from 798 in Beijing. Together with the success and the social approval, artists were risking eviction and the place the demolition.

The re-qualification project of the Suzhou Creek promoted by local government helped with an important increase of value of the area, as well the same artistic community did. However, with the enhancement, the real estate exploitation came and the former warehouses occupied by artists had to be dismantled.

Maybe nobody predicted this, but with the destruction of the Red Houses the actual M50 took shape. The site was very close to the red warehouses and bankrupted as well and soon the artistic community decided to relocate itself: the first unit of the future M50 was composed by more than ten between ateliers and private galleries, and within a couple of years the number would had been more than the double.

With the new M50 spaces the local government took a complete different attitude. Even with the kind of avant-garde art that was promoted within its inside, in this case there was no strong hostility against it: the awareness of the potential of the M50, both from an economical and a social point of view, had proved to be stronger than the opposition. Moreover, as in the nature of a city that wants to be worldwide known, Shanghai tends to be very attentive to what is considered trendy outside China: with

the help of the private galleries that started to open a branch office in Moganshan Road and the public media “the new use of old industrial and warehouse buildings gradually caught the attention of the public. As an idea that had its origins in the West, many Shanghai citizens began to see that converting industrial into artistic or “creative” spaces was somehow “cool.””⁶⁹ Another factor that contributed was the approval of a regulation for the conservation of historic buildings, promoted in 2003: “according to this new regulation, workshops, shopping premises, factories, or warehouses built more than 30 years ago that could represent China’s industrial history could be officially listed as EHB -Excellent Historic Buildings-. By 2005, 43 industrial buildings were listed as EHBs, including one that was built quite recently in 1955 in the Maoist Era”⁷⁰. The edifices in Moganshan Road, built around the 1930s, were officially to be saved.

In a little, all the available places in the building were leased and today, it hosts more than 100 creative spaces, from private galleries, Chinese and foreign, contemporary design studios, fashion labs, and Chinese typical craftsmanship workshops.

⁶⁹ Zhong, S., (2010). *Industrial Restructuring and the Formation of Creative Industry Clusters: the Case of Shanghai’s Inner City*, University of British Columbia, Vancouver, p. 126

⁷⁰ Ivi, p. 136

5.3 Redtown International Cultural and Art Community

The Redtown International Cultural and Art Community, from now on called simply Red Town, is a creative cluster that presents itself to be completely different from M50: M50 had been instituted without a structured planning, but with the later recognition of its potential value, Red Town was created with a specific business idea, developed by the cultural incubator Shanghai Redtown Culture Development Co., Ltd.

As M50, the site is an industrial facility for the production of steel strips, the Shanghai No. 10 Steelworks, built by the government between 1956 and 1958. Located in Huaihai Road, which is today a central commercial area in the western part of the French Concession, the firm was established as a local SOE that was under control of Shanghai Municipal Government, and it played a central role in increasing Shanghai's industrial production back at those years. As it has been presented in the other cases, even Shanghai No. 10 Steelworks began to be in trouble by the end of the 1970s: trying to save the company from bankruptcy, it was merged with Bao Steel, a steel company run by the Chinese Central Government, and this merge was accompanied with several economical and spatial interventions. The last one in order of time, in 1997, was to relocate completely the production outside the city center but Ten Steel had started to lose its market appeal, costs related to production became higher due to strict pollution control measures: in 2005 the production was shut down.

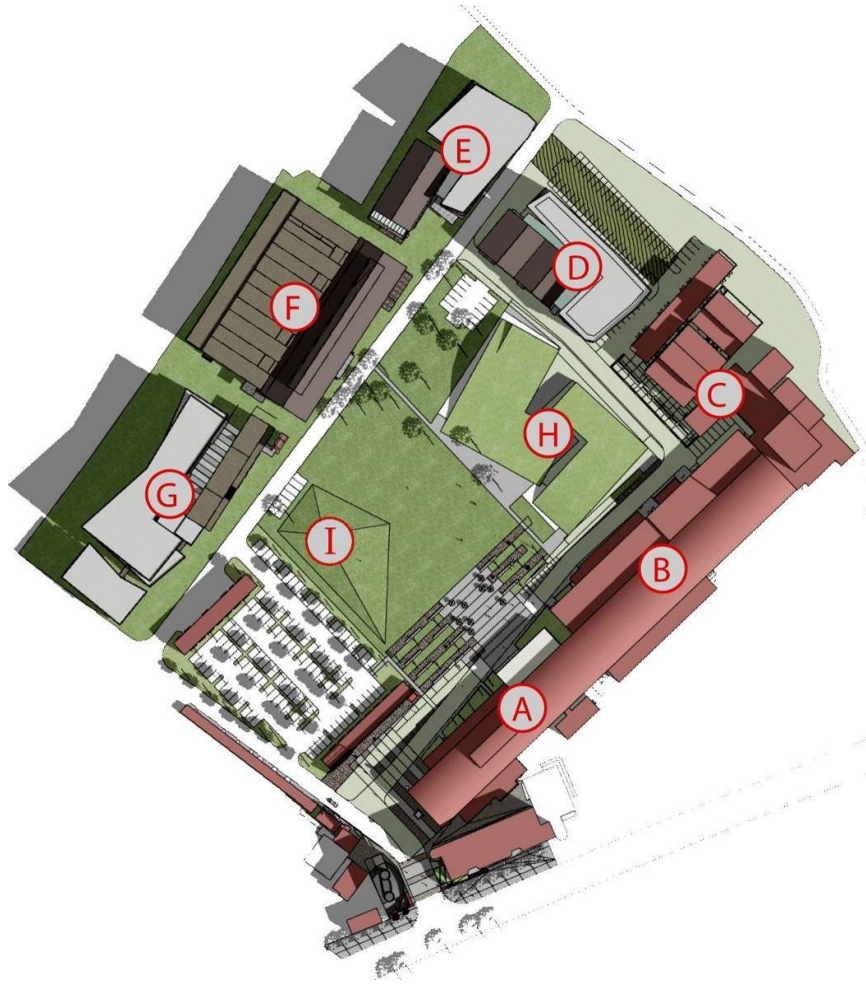
With the production stopped since 1997, the management of Ten Steel looked for tenants for its huge spaces, more than 100,000 square meters. In the following years, some of the spaces were occupied by restaurants and commercial activities. Some of the buildings inside the factory, with their huge sizes, appeared to be suitable for the organization of cultural, or public events: it was in 2003 that the first sculpture exhibition, entitled *Asian Fields* was hosted inside the old factory. The exhibition saw the presence of Antony Gormley, a British sculptor who was working with the British Consulate and the Shanghai Municipal Administration of Culture to promote a project called *Creative Britain*, which aim was to diffuse creative ideas from UK. The exhibition was a success and it draw a lot of attention on the Ten Steel site. Several businesses proposed themselves to Ten Steel management, most of them belonging to catering, but they were all refused. The project that was accepted was the promoted by the government itself: the Shanghai Sculpture Space was going to be developed inside the factory.

The institution of the Shanghai Sculpture Space (SSS) was part of the city cultural planning in view of the 2010 Expo and the contemporary success of the M50 creation acted as a further boost to the re-use of the space of the Ten Steel for cultural purposes. Ten Steel was selected to be the site of the SSS because of its huge disposal of spaces, the convenient position close to the subway -subway that was being building at the very same time- and the location in one of the city districts densely inhabited but scarcely enriched with cultural facilities.

So, in the very beginning phase of the institution of Redtown, not only the initial decision was made by the government but the same government chose to select a private party to develop a public project. This private party duties would had assumed the financial risks linked with the project and would had guaranteed the organization of two sculpture exhibitions per year, both free of charge for the public. The government, tough, gave the permission to use the spaces not devoted to the SSS for commercial uses. As Figure 5.1 shows. the area occupied by Ten Steel was huge, with several buildings on its inside. The SSS was supposed to use buildings A-B-C, leaving other six edifices ready to be used for both commercial and cultural uses. - When I was there in September 2013, there were a couple of restaurants/cafes, private galleries, design, and interior design, studios and fashion ateliers and in the building F the Minsheng Art Musuem, which was the first Chinese museum supported entirely with private funds.

Figure 5.1: Layout of Red Town International Cultural and Art Community

Source: Shanghai Redtown Culture Development Co. Ltd. © Shanghai Redtown Culture Development Co. Ltd⁷¹



After a process of selection, the private party selected was Shanghai Dingjie Investment and Management Co. Ltd -Dingjie Corporation, a private company founded by Zheng Peiguang⁷², a businessman with a humanist education with deep connections

⁷¹ Ivi, p. 164

⁷² <http://www.redtown570.com/en/eng.html>

with the Chinese art community. In January 2006, after the first phase of the works at Ten Steel, Zheng Peiguang registered another company, the Shanghai Red Town Cultural Development Co. Ltd. (Redtown Corporation). "The initial registered assets of the company were RMB10 million, with Dingjie Corporation controlling the majority of stock in the new company and Zheng Peiguang appointed President"⁷³.

The official opening of SSS to the public happened on November 2005, with the exhibition *Sculpture 100 Years*, that featured 120 works realized by Chinese artists belonging to different generations. It was a success of public and publicity, and it opened a series of high quality exhibitions such as the solo exhibition of Rodin, in 2006, the solo exhibition of Andy Warhol in 2008 and all the exhibits linked to the 2010 Shanghai Expo. With time, a permanent collection had been created inside SSS, with works select from previous shows or brought by the government, with the intent to create a stable sculpture exhibition.

⁷³ *Ivi*, p. 168

5.4 Bund 1919

Strong of the success of the operations on Ten Steel buildings and well aware of the *creativity boost* under which was undergoing Shanghai at that time, Redtown Corporation decided to invest in another project, reconverting another disused industrial area. This selected area was in a complete different zone of the city, precisely along the banks Huangpu River, in Baoshan District. The building was built in 1919 and it was the site of one of the first textile firms in Shanghai.

If compared with the Ten Steel, this building was even larger: “with approximately 70,000 square meters of desolate floor space to work on. In addition, a number of buildings had the potential to be officially listed as “Excellent Historic Buildings.””⁷⁴. To work on the project, Redtown Corporation and the owners of the building, Shangtex Group Co. Ltd, formed together a new company, the Shanghai Shengfang Investment Management Co. Ltd. (Shengfang).

Shengang company decided to name the place Bund 1919: the aim of Bund 1919 was to become a design incubator, able to gather Chinese design firms with international ones, and to push high quality Chinese exports. The choice of the name is not fortuitous: the Chinese version of the name is *Bandao 1919*, that means *Peninsular 1919*⁷⁵ and it works as a perfect recall for the location of the place. Moreover, the Bund is the name of the specific part of the city where, in the 1920’s, all the Western

⁷⁴ *Ivi*, p. 194

⁷⁵ *Ibidem*

companies had their own offices made built. So in today's Shanghai, the Bund is one of the most fashionable, and Western style, area of the city.

Shenfang wanted to work on Bund 1919 in the same way Redtown corporation did with the Ten Steel, so trying to achieve at the same time the endorsement of the local government and of business partners. The support from the government was achieved without particular problems: both the Baoshan District Government and the Municipal Government approved the project, and in 2009 it was officially nominated site for the Shanghai China Design Center by the Ministry of Commerce.

Even if the works of renovation are taking longer that expected, several Chinese artists have opened their studios in Bund 1919, and Shanghai Theatre Academy, the China Central Academy of Fine Arts and the Japanese Culture Village have also opened there. Sure, with the end of the interventions, several other cultural and creative institutions, as well as fancy commercial activities will have a site in the ancient mill.

Figure 5.2, 5.3, 5.4 views of M50, Shanghai

Source: www.google.com





Figure 5.5, 5.6, 5.7 views Redtown and Bund 1919, Shanghai

Source: www.google.com





6. COMPARISONS BETWEEN BEIJING AND SHANGHAI

Beijing and Shanghai have always played a different role in the political, economical and cultural life in China. Beijing, since it was nominated capital of the Chinese Empire, is a classical, austere and solemn city and that brought cultural production to be conditioned by that. The Beijing School, the cultural style of the city, reflects classicism.

On the contrary, Shanghai, the city was the commercial soul, had had a completely different development, facing a wide range of populations and cultures. The *Haipai* culture, literally sea-culture or Shanghai School⁷⁶, represents the fusion of Westerns, Eastern and Chinese traditional cultures, as well as the tendency to constantly adapt itself to market demands.

During the socialist period, the two different approaches seems to be passed: the only objective culture had was to produce something politically right for the Communist Party, and, as it was highlighted in chapter 3, *culture* worked as a synonym of propaganda, a State tool to exercise control over population. Artists, generally referred to as cultural workers, *wenhua gongzuozhe*, were all employed in state controlled cultural institutions. Clearly, within this contest, cultural goods were all produced with subjects and themes commanded by the Party representatives and for official events.

⁷⁶ Wang J., (2012). *Evolution of Cultural Clusters in China: Comparative Study of Beijing and Shanghai*, Architectonica, 2, p. 150

It was during the 1980s that Western waves finally were able to pierce the harshly controlled cultural sector, and this change has to be claimed to Universities commitment. Simultaneously, the interior art market started to be organized, and that contributed significantly to change the perception of art, even if at this stage it was the very beginning of the process.

It was at that time the first examples of artists' villages were formed outside the urban area of Beijing, in the manner described in chapter 3. Most of the time, the existence of the village was considered illegal by the police, and soon artists started to be considered as a threat to the stability of the state: tensions between art and politics characterized those first years of the economical revolution, and Beijing, being the capital, became literally the fulcrum of the struggles. The situation took a couple of years to settle down, with the organization, most importantly the international recognition of 798: after several attempts of eviction, Beijing local government realized the impact that art and artistic production were achieving on public opinion, and allowed the existence of the clusters by controlling them.

Nothing similar happened in Shanghai. Artistic clusters in the coastal city had a far less dramatic formation compared to the ones in the capital for mainly two reasons: first, the artistic community was not so big as the one of the capital and not even that organized; second, the same features of *Haipai* school made it to be more ready to absorb elements from the outside or market demands, and that proved to be fundamental during the creation of creativity clusters.

The organization of the third Shanghai Biennale, in 2000, represents a clear example of the situation of the city. That edition of the Biennale, organized by the Shanghai Art Museum was an unprecedented event: it was the first time that a contemporary art event received the endorsement of public institutions even if it was organized by external curators rather than officials of the Party; moreover, also for the first time, works of Pop Art and Installation Art were presented in an official event. This edition of the Biennale attracted a huge number of artists and Shanghai was at the center of the artistic attention. However, whit the end of the exhibition, all the artists who came, had gone and, for quite a long time, nobody spoke again of contemporary art in the city. The third reveals that, at the beginning of 2000s, Shanghai had no cultural leading role, and the presence, and interests of artists, was linked to market opportunities.

Furthermore, since during the initial stage of the creation of M50, the difference with Beijing clusters can be noticed. M50 was indeed settled in an abandoned factory, and had been at risk of eviction, but the presence of private galleries or architecture/design practices was immediate: from the point of view of the owners of the factory, or the local government, the gathering in M50 spaces by the artists was not perceived as a dangerous activity, rather than a more commercial one.

Redtown history clarifies another difference between Beijing and Shanghai. Even if it is no doubt that the difference in time of creation of the creative clusters plays a central role, the approach for the settlement of Redtown shows the complete

absence of artists, or creative workers in the decision process: Redtown, as well as Bund 1919 or Tianzifang, have been established with a specific plan promoted by the local government together with private companies and conservationists scholars, who saw in the process of protection of historical buildings promoted by the government a profitable opportunity. In Beijing the situation was the diametrically opposite. "As such, it is worthwhile to note how the different government departments take lead in further developing cultural clusters in the two cities. In Beijing, action was led by the Tourism Department, acknowledging the potential to expand the appeal of the city by incorporating contemporary culture. In Shanghai, the authority of Economic Reforming Committee was established, to promote the reuse of abandoned industrial sites in the inner city as creative industrial centers whilst publish incentives for real estate developers."⁷⁷

In conclusion, Beijing and Shanghai prove to have a very diverse approach on the *cultural* and *creative industries/clusters* matter due to their completely different economical, and historical, context. In Beijing, the severe and austere capital city, artistic productions, especially the ones coming from agglomerate clusters, would probably never receive the complete approval by the government, but their value for the imagine of the city and the tourism industry, is now fully understood and creative clusters are officially promoted as tourist destinations.

⁷⁷ Ivi, p. 155

On the other hand, Shanghai's approach on the settlement of creative clusters proved to be more influenced by managerial factors: creative clusters, in re-adopting dismantled industrial area, raised real estate potential, and effective, investments but the final clusters, work more as cultural incubators, where private companies have their own offices, than public cultural facilities. Redtown represents the only exception, thanks to the Shanghai Sculpture Space.

In spite of all the dissimilarities between the two cities, they both represent what had been going on in China in the last years, and the consequences of the economical and social opening to the Western countries. The cultural and creative industry is still *something new* in the whole China, and future developments should be followed with attention by investors from all over the world.

CONCLUSIONS

As it was expressed in the introduction, the goal of this Thesis was to provide a general overview about a Chinese phenomena that has had resonance quite all over the world.

Chinese economy has changed a lot during the last ten years, and with that Chinese society has experienced severe changes too. One of those changes has involved the meaning of culture and the utility of cultural productions, with a consequent shift from *Communist propaganda tools* to factors able to drive China into a new imagine: China has been trying to change itself, to transform the industrial mass-production that gave it the possibility to become the one of the most powerful countries in the world, to delete *Made in China* labels on inexpensive, low quality products, and to put *Created in China* labels on high quality goods.

Therefore, as it has been clarified in this Thesis, *culture* has been covering an important role in today's China: together with *creativity*, its role in economic improvement has been made official since the 10th Five Years Plan, which represents Chinese most important national political document issued by the government. So, culture as a key factor for economic improvement, *cultural industries* in Beijing, and *creative industries* in Shanghai as means of expression of these improvements, creative clusters that had been settled in order to refine Chinese cities' perception with the approach of 2008's Olympics or to obtain foreign investments taking advantage of Shanghai's Expo of 2010.

There are, in a few words, some of the themes dealt in this paper: they have been exposed after an introduction on the definition of *cultural industries*, *creative industries*, *creative cities* and *creative clusters*, all terms that some time can be used as synonym and some time not. As it has been exposed, from Chinese point of view they are not synonyms. After the definitions have been clarified, the paper goes on, analyzing the economic revolution China accomplished after Mao Zedong's death, and its implications with the cultural sphere. First in Beijing, then in Shanghai and in the other major cities, the institution of cultural and creative industries, after the first period of adjustment, is now something the local and national government praises and fosters.

Surely, a lot had been done in the last ten years, and surely China has opened a lot. I had lived in Shanghai for three months and I am well aware that this brief experience is not enough to build a grounded judgement on the argument. For what I had the chance to see in person, especially in Shanghai, *creative clusters* are really on the local government's agenda, but, and this is my personal perception on the subject, it appeared to me that this agenda is still in a preliminary phase. Shanghai has fostered the creation of more than twenty clusters in just a few years, and this is undoubtedly a huge increase on creative production: however, it seemed to me that, except Redtown and ,maybe, M50, these clusters do not present a solid *creativity* production, they rely on a common shared-base that makes them work as accumulator. It is my personal opinion that these clusters represent a physical place where private galleries,

design practices or creative companies share work-spaces and public fundings. I said that the situation is at a preliminary phase because it is a reflection of the rapidity with which creative and cultural industries have been officially fostered, which is a result of the very same rapidity with which China has completely renovated its economy.

Chinese cultural production, especially in Beijing and in the internal areas is still under the direct control of the state, which, if not using direct censorship, reserves the right to say whatever cultural content is right or wrong. China has recognized the extrinsic value of cultural productions and decided to use it to develop the so called *soft power*, to improve social perception, to create touristic destinations, to attain international attention, and fundings. These are the reasons that brought me to retain *cultural* and *creative* industries in China are still at an embryonic phase.

It has to be added that my lack in Chinese speaking has prevented me from a deeper knowledge of the phenomena and from the use of Chinese sources, direct and indirect, that would have helped with more complete datas. That said, I wish this general overview could be implemented in the future, with the evaluations of the most interesting developments on the theme.

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