



Comparative urban governance of developing creative spaces in China



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A B S T R A C T

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The promotion of creativity is a crucial element in China's attempts to upgrade its economic structure. In this context, creative spaces, located in derelict industrial sites, have become prominent symbols of China's so-called Second Transition (Bottelier, 2007). The basic hypothesis of this paper claims that the development of these sites not only implies a restructuring of inner city brownfields, but also new modes of urban governance. Altogether eight creative spaces in China will be compared over time. The empirical research is based on qualitative interviews and an extensive evaluation of policy documents. This paper argues that the governance of creative spaces can be described as a path from informal experiments at the local micro-level to the development of a comprehensive toolset of mainstream policies at the municipal level. This happened in face of the shifting acknowledgment of creative industries from the national level. Consequently, Beijing and Shanghai became spearheads regarding the legalization of creative spaces. This paper further shows that within the institutional milieu of creative spaces, the local state acts as a very pragmatic key decision maker. In conclusion, the local state plays several decisive roles in the course of the development of creative spaces: a transformer of land use rights, a regulator in developing a legislative framework, a mediator between former operator and real estate developer, an investor and distributor of public funds, a supervisor and manager of the local economic development and last but not least a supervisor of creative spaces.

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Introduction and governance perspective

"[China's] success will lie in its ability to produce more value, not more products, enabling it to move up the value chain and compete globally in the same product space as advanced countries."

World Bank (2012), p. 15

In order to attain a position as a leading world power, China must change its development path towards the so-called "Second Transition" (Bottelier, 2007), meaning that instead of low-end mass production for global markets, high value-added products need to be created for both global and domestic markets. The authors seek to analyze the extent to which this shift effects public-private interaction at the local level through a comparative case study investigating the development of so-called creative spaces. The reason for these developments is that fewer disused industrial spaces are bulldozed anymore in favor of commercial property development, but are

instead being preserved as heritage sites. This is often achieved through a conversion into what is usually labeled creative spaces.

The objective of this paper is to analyze and compare the governance of emerging creative spaces in China over time. The development of the most prominent creative spaces in Beijing and Shanghai will thereby be compared to the development of creative spaces in the Pearl River Delta, the latter being globally known as "factory of the world," representing the archetypal economic model of China's First Transition.

In the course of the paper, the hypothesis will be tested in how far the development of creative spaces implies new modes of urban governance. First, an introduction to governance as an analytical tool is presented, followed by a brief overview of the state of the arts literature related to creative space development on global level. The paper then continues with an analysis of the way culture, creativity and fine arts have developed in China over time. The next chapter deals with the municipal level and particularly the role of the local state. After the establishment of a municipal regulatory policy framework however, the local state regained development control in most cases. The results of the empirical case study are presented in the following section. Altogether, eight creative spaces will be compared in terms of the governance modes of their development process, employing terminology derived from DiGaetano and

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Strom's important study (2003). The following questions will be answered:

1. Who are the *key decision makers*?
2. Which *political objectives* do they pursue?
3. How can the relationships between the stakeholders be described (*governing relations*)?
4. In which way are decisions taken (*governing logic*)?

The data presented has been collected from qualitative interviews with stakeholders and experts. Additionally, the research is based on a review of policy documents and a thorough analysis of Chinese media.

Theoretically, the comparison is embedded within a framework of analytical governance in order to observe urban policies in accordance with Pierre (1999) and DiGaetano and Strom (2003). Urban governance is understood as “the process of coordinating political decision making” (DiGaetano & Strom, 2003: 373) and not in a normative connotation as “good governance.” This approach not only seeks to analyze the stakeholder coalitions that shape urban politics, but to give insights into *how* a city is governed. It further helps to generalize the findings of the empirical case study in the aim of understanding how economic restructuring leads to new forms of public-private interaction in China over time. The authors are aware of the challenges in applying these analytical concepts that emerged in western pluralist and democratic states to the “fragmented authoritarian” (Lieberthal & Lampton, 1992) political culture of the Chinese state. In recent studies, initial adaptations have been offered, paying special attention to the role of the local state that is composed of several different—though, often interwoven—entities: street, district and municipal government, planning bodies and executive departments such as the police. It has been shown that a clear distinction between “civil servants,” “politicians” and the private sector, as suggested by DiGaetano and Strom (2003), is not possible in many cases. In China, governmental officials have “double or triple functions” (Zielke & Waibel, 2012: 57), simultaneously acting as economic entrepreneurs while being members of the Communist Party (CCP). Another important difference is the role of the local state. Pierre and DiGaetano and Strom have observed that a local state suffering from financial cuts must enter into alliances with the private sector to accomplish governmental tasks. In contrast, the Chinese local state is growing stronger over recent time (Heberer & Göbel, 2011); in the last few decades, the central government has decentralized (Heilmann & Perry, 2011), deferring large parts of the regulatory power to the local level. Among others, a very important responsibility for land-transformation was delegated. As all land belongs to the public in a socialist state, the local state still has to approve land transfers and changes in the purposes of land use. Further, since officials are evaluated in terms of the economic performance of their districts, they try to attract investments. They often build very close relations with the private sector to enhance economic growth, a phenomenon called “local state corporatism” (Oi, 1992, 1995). It becomes obvious that the districts are highly involved in business activities, acting like “industrial firms” (Walder, 1995), which compete with other districts for investments. It should be noted that local governments in China are not only an influential decision maker with regard to urban restructuring, but are usually the largest investor in infrastructural projects as well (McGee, McGee, & Lin, 2007: 114). Because of these various powerful functions, the local state cannot merely be described as a regulator and supervisor of private activities, but instead as an “entrepreneurial type of market actor” (Wu, Xu, & Yeh, 2007: 13).

Overview: the phenomenon of creative spaces

Creative spaces, also known as creative clusters or cultural quarters, emerged in Europe and the US in the 1970s and 1980s. They were often driven by individual artists occupying vacant factories and warehouses located in declining industrial districts with low rents and weak governmental control (Evans, 2009: 1031). New York's SoHo neighborhood is probably the most prominent representative; as an “aestheticized landscape,” (Ley, 2003) this pioneer quickly underwent a complete gentrification cycle (see Zukin, 1982). Today, SoHo is a commercialized leisure space, attracting many bourgeois bohemians (BoBos) and tourists. Governments have often tried to replicate SoHo's tremendous success and began to play an active role in the developments of such spaces. Despite these in-depth analyses, the definition of creative spaces remains in dispute (Gibson & Kong, 2005). This paper defines creative spaces as old industrial districts or derelict factory sites that are refurbished and include artists, galleries or design companies. Of course, it must also be noted that in many cases fancy leisure-areas or waterfront developments are simply labeled as “creative spaces” for the purpose of urban image-making.

1998 was an important milestone in the recognition of creative industries. That year, Britain's New Labour began subsidizing creative industries due to their “potential for wealth and job creation” (DCMS, 1998: 3; Rossiter, 2006: 367). Many cities have desired to shift towards a knowledge-based economy and become *creative cities* as well. In the scientific community, various concepts have developed that analyze creative and cultural economies (Cunningham, 2002; Howkins, 2001; O'Connor, 2007), the creative class (Florida, 2002), the creative city (Hall, 2000; Landry, 2000), as well as creative and cultural spaces (Evans, 2009; Kent, 2007). In general, creativity is regarded as the ability to generate something new (Howkins, 2001) or to combine existing ideas in innovative ways to solve problems and exploit opportunities (Kent, 2007: 735; Stacy, Griffin, & Shaw, 2000). As Keane (2011: 2) has argued, culture, innovation and creativity are often inter-linked and co-dependent. This is especially true for China, after the country had joined the World Trade Organization (WTO) in 2001 (Keane, 2005: 270). Many politicians around the globe regard creativity as the “magic bullet” (Hall, 2000: 640) for economic development, providing new jobs, all with little or no investments from municipal budgets. Further, creativity is utilized as a tool of “urban place-making and -marketing” (Daniels, Ho, & Hutton, 2012: 5; Kearns & Philo 1993), to build an image of a modern and attractive city in the post-Fordist age. These attempts must be seen in the context of increased global competition among cities to attract investors and the highly educated creative class (see Bassett 1993: 1779; Bianchini, 1993: 1). The value of creative spaces lies not only in economic possibilities, but in their intrinsic value (Sauter, 2012) as vehicles for the preservation of cultural heritage and promotion of the arts. On the other hand, the value of creative spaces remains doubtful, as they are often “neo-bohemian spaces of creative activity” (Lloyd, 2006). As highly gentrified and commercialized areas, they often only provide low-wage service sector jobs (Bassett, 1993).

National structural context – China's creative industries

In 2003, the *Scientific Outlook on Development* (科学发展观) was proclaimed. This paradigm shift of China's reforms became the starting point of the country's “Second Transition” (Bottelier, 2007: 37). In Bottelier's terminology, the qualitative growth model of the Second Transition departs from the First Transition model of low value-added manufacturing for world markets. Rising wages, reliance on exports and pollution have been cited as the main reasons

to change the development path (Holbig, 2009). This policy shift also altered the understanding of creativity. In 2003, Hong Kong designed the “Baseline Study of Creative Industries” as a strategic plan to promote creative industries (Hui, 2006b). Mainland Chinese politicians hardly understood it, because they still regarded the main task of cultural politics to be the education of the masses (Hui, 2006a; Keane, 2007). Officials feared a “creative Trojan Horse,” (O’Connor & Xin, 2006: 277) implying tolerance, diversity and (artistic) freedom in the long run.

Almost at the same time, several wake-up calls reached the national government instigating a reconsideration of its cultural policy. In 2004, Richard Florida published the “Global Creativity Index” comparing the appeal of countries to the international high-income creative class. Florida’s index is based on the “three T’s” of economic growth: talent, technology and tolerance (Florida, 2004: 156). China was ranked 36th (out of 45), far behind the top countries Sweden (1st), Japan (2nd), Finland (3rd) and the US (4th) (Florida, 2004: 275 ff.). Florida concluded that “the economic leaders of the future will not, I believe, be emerging giants like India or China” (ibid. 155).

In 2006, Chinese media and politicians openly discussed the weakness of its creative and cultural economy (China Daily, 2006; Xu, 2006): The country suffered from a cultural trade deficit, particularly in comparison to the US, by importing more cultural products, such as music and movies (China Daily, 2006; see also Keane, 2007: 116). At that time, the creative and cultural industries just had a 2.5% share of China’s GDP, compared with 10% in the UK. Chinese politicians eventually became aware that creative industries could be utilized as a “growth driver” in the face of the challenges of deindustrialization (Potts & Cunningham, 2009: 8). Hence, in the Chinese political agenda, creativity was increasingly associated with technical innovations (Daniels et al., 2012: 4): “The promotion of independent innovation (自主创新) is ... the central link to adjust the industrial structure and to change the pattern of growth” (Prime Minister Wen Jiabao, MOST, 2005). Finally, in 2006, creative industries officially received the “green light from the national government” (Keane, 2007: 2). As it will be highlighted in the following section, this occurred *after* municipalities had elaborated frameworks to govern creative spaces.

Meanwhile, the situation has slightly improved. In 2011, the cultural industries had a share of 3% of China’s GDP. In Florida’s most recent “2011 Global Creativity Index,” the country improved a bit, but is still listed in the last third of the countries, ranking 58th of 82 (Florida, Mellander, Stolarick, Matheson, & Hopgood, 2011: 14). Almost simultaneously, Chinese art provoked international attention. In 2010, China became the world’s leading market for fine arts according to auction sales (Artprice, 2011). In 2011, China gained more than a 40% share of the global art market. Among the ten best-selling artworks, six were Chinese, so “China is now incontrovertibly the world’s leader of the art market” (Artprice, 2012: 15). The marketization of arts is boosted by an exorbitantly fast-growing Chinese upper class, who treats artwork as a status symbol and an investment. It cannot be denied, however, that the large increase of sales volumes is also boosted by money laundering.

Municipal level approaches to promote creativity

At the end of the 1990s, Beijing and Shanghai had already reached the limits of the First Transition and the (re-)organization of inefficiently operating state-owned-enterprises (SOE) faced a number of challenges. Closing inner-city factory sites became a popular initial solution, and the SOEs consequently had to compensate the laid-off workers. The question of what to do with the factory sites then emerged. Until the mid-2000s, many derelict industrial sites were bulldozed to make room for commercial

projects (Shin, 2008; Wu et al., 2007). Freelance artists, who no longer merely worked for the state’s art academies, often occupied these dilapidated factories as “cheap, malleable and culturally ... meaningful” spaces to work (Zhong, 2012: 169). Nationally known inner-city artist’s quarters, such as Shanghai Red Houses, Shanghai M50 and Beijing 798. M50, gained international reputations by hosting parts of the 2000 Shanghai Biennale, which was curated by Ai Weiwei, famous for his exhibition “Fuck Off.” At that time, SOEs, investors and local states searching for profit-maximization constantly threatened the very existence of these spaces.

Artists’ spaces were increasingly able to resist to the threat of demolition, because they were seeking support from local universities and urban planners, and draw international attention to their struggle. The first milestone in protecting the industrial heritage occurred in 2002, when Shanghai enacted regulations to preserve buildings regarded as representative of the city’s industrial development (SHA, 2002). In this manner, five buildings of M50 were saved from demolition (Heng & Wang, 2009: 1235). Of course, artists regarded this action as only as drop in the bucket, and they continued to advocate for the protection of creative spaces on the political agenda. Their strategy was to collectively organize themselves in groups seeking public support. Though contested, their efforts have ultimately been successful. They also benefited from the increasing openness of public authorities, who slowly realized the potential for local economic development and—perhaps more importantly—image-building. Consequently, the municipal government became more willing to experiment with this new form of urban space at that time (Currier, 2012). During the 2004 “Symposium on Shanghai’s Creative Industries,” (Chen & Fang, 2009) the city government announced the protection M50 and Tianzi Fang as creative and cultural spaces. Further, it established the Shanghai Creative Industry Association to pool different departments and experts to plan and advise creative spaces. The association has also awarded and certified the “Outstanding Creative Industry Cluster” (Zhong, 2012: 174). The year 2004 can consequently be regarded as the crucial moment for the development of creative spaces in Shanghai. Additionally, the municipal government assigned 12 more areas as “Creative Industry Clusters” in 2005 (Keane, 2007: 106).

The development of local creative spaces in Beijing followed a path very similar to Shanghai. Already in 2003, coalitions of artists had organized events, such as the “Reconstruction 798,” to discuss the area’s protection (see Huang, 2008: 168 f.). They would even draw international attention to the emerging 798 Art Zone through articles published in international newspapers and the visits of Western statesmen. It was the renowned sculptor Li Xiangqun who finally succeeded in convincing the local People’s Congress to preserve the factories from demolition in 2004 (Currier, 2012: 190). The district government protected 798 due to its potential for image-making and city-branding for an open, modern and internationalized Beijing (Zhang, 2004). However, it took until 2006 to protect Beijing 798 under the auspices of the “Six Cultural and Creative Areas of Beijing” (Huang, 2008: 172). An institutional innovation took place as well. In 2005, the Beijing Cultural and Creative Industry Promotion Center was established to develop and promote creative and cultural industries (BJCI), and also to prepare investment guides.

The protection of creative spaces in Beijing and Shanghai had a pioneering character. In many Chinese municipalities, “bottom-up, inner-city culture-led regeneration and gentrification” (Webster, Muller, & Cai, 2011: 363) became a “desirable troika for urban restructuring” (Zielke, Waibel, & Altrock, 2012: 29). This is also true for southern Guangdong Province with its busy metropolises Guangzhou and Shenzhen. Already in 2003, industrial heritages had been protected for the first time with Guangzhou’s mayor Zhang’s (in office from 2003 to 2010) call to preserve the Taigu warehouses along the waterfront of the Pearl River (SINICA, 2012).

In 2004, the corporate sector began to develop the first creative spaces in Guangdong. In Guangzhou, a private real estate investor purchased land to transform a former hydropower factory located along the waterfront of the Pearl River into what would later be known as “Xinyi International Plaza.” In Shenzhen, a state-owned real estate and tourism tycoon, the OCT-Holding, began to transform a factory into what would be later known as the “OCT-Loft.” These early developments in Guangdong differ considerably from the development pattern of the pioneering zones in Beijing and Shanghai. There was no initial informal phase and the main driver of the developments was (semi-)private business. Their primary objective was to earn profits, obviously trying to replicate 798’s and M50’s success.

In 2007 and 2008, the development of creative zones in Guangdong gained tremendous momentum. The World Financial Crisis heavily affected the “factory of the world” and brought to the public’s attention the fact that since the growth model based on the principles of the First Transition had reached its limits, promoting innovation and arts was urgently needed. In 2007, Guangzhou’s city government started subsidizing the development of the service sector in dilapidated factories through a policy called “Suppress The Secondary Industry And Develop The Tertiary Industry” (“退二进三”). This policy aims to phase out factories of the city and instead develop companies in the service sector (Kuhn, 2009). Its subsidization and tax incentives were granted to Xinyi, Taigu and other zones in Guangzhou like T.I.T, Redtory and 1850. In 2008, another milestone was reached on the provincial level with the policy of “Three Olds Transformation” (“三旧改造”). The “Three Olds” worked towards restructuring inner-city areas, disused “old” factories and (urbanized) villages to create a “new Guangdong” (Sanjiu, 2009: 3). The introduction of both policies led to an immediate surge in the number of creative zones. A “creative zone fever” (Zielke et al., 2012) set in and already in 2011, Guangdong announced the establishment of over 118 “creative spaces,” 33 in Guangzhou alone (Fang, 2011: 11). Of course, this high number must be critically reviewed, as no clearly defined criteria were applied. Wishful thinking often seems to be the underlying motive of the labeling. For example, Mayor Zhang wrongly appraised Taigu as “Guangzhou’s 798 Art Factory” (Sina, 2008), though Taigu’s value as a creative space remains in question and is even doubted by Chinese media (Chen, 2011).

Nevertheless, the introduction of those policies led to a stronger role of the local state in the development process. The local state became the body responsible for supervising the distribution of financial support. All case studies from Guangzhou analyzed within this paper have benefited from “Three-Olds” and tertiarization policies. Apart from these roles, the state plays another decisive role in designating land use, as the development of creative spaces usually requires the legal transformation of the official purpose from “industrial,” that is prohibiting commercial projects, to “commercial.” Here, our analysis reveals that the local state uses this power in a flexible way. In most cases, the plots are only assigned as “temporarily commercial,” a status that needs to be approved bi-annually (Ni, 2010a). During the further assessment process, this purpose can be changed again, potentially terminating the whole development as a creative space. In other cases, the protection status is only granted for a limited period of time. This is a constant threat for the management bodies and tenants of creative zones. At the same time, this makes the local state an even more powerful key decision maker.

The local state also exerts its influence through certification and consulting. The “creative zone fever” left the inherent creative quality of many zones in Guangdong in doubt. Consequently, the Guangzhou municipal government established a so-called “Cultural Creative Industry Association” in 2009 (GZCCIA (2012)), a network of professionals, scientists and planners. Further, Guangdong’s Department of Culture has been endorsed to certify “Cultural (and Creative) Industrial Parks of Guangdong”.

High-ranking politicians are also actively engaged in the development of creative spaces: During mayor Zhang’s term in office, he established a legal framework to promote and regulate creative spaces. He not only fostered Taigu, but also the emerging **Redtory Art + Design Factory**. In 2009, mayor Zhang used his power to grant Redtory a protected status. His personal relations to some of the artists may have supported this action.

To summarize, since the proclamation of the “Scientific Outlook on Development” in 2003, the attitude of Chinese politicians towards creative spaces changed fundamentally. In Beijing and Shanghai, creative spaces evolved from underground spaces of arts into common places of urban renewal. 798 and M50 were the arenas in which civic leaders fought for protection of these art zones. However, in the Pearl River Delta the picture of creative zone development looked different. The few creative zones initiated during the first half-decade of the new millennium, such as Xinyi and OCT-Loft, were driven by real estate developers. Both development paths are similar in that the local state was not the main instigator. This fundamentally changed when Beijing and Shanghai, as pioneers, introduced a framework to foster creative spaces around 2004 and 2005. Afterward the local government regained developmental control in multiple ways; local government became a simultaneous certifier, consultant, supervisor, distributor of public funds and, in some cases, even manager and investor of creative zones. The national government initially observed those municipal experiments carefully. The official acknowledgment that these creative spaces had the potential to contribute to the fruition of the “Second Transition” came rather late in 2006. This was the impetus for the creative zone fever development spreading all over China.

Case study: comparative urban governance of creative spaces

This section investigates the question as to how creative spaces were developed at the local level. To do so, it employs a case study of eight creative spaces: the Beijing 798 Art Zone, Shanghai M50, OCT-Loft in Shenzhen, Guangzhou’s Xinyi International Plaza, Taigu Warehouse Dock, T.I.T Creative Industry Zone, Redtory Art + Design Factory and the 1850 Creativity Zone. The key decision makers are compared and analyzed, along with the interactions among them (governing relations), their political objectives and the way decisions are made (governing logic). Finally, a comprehensive table presents the comparisons (Table 1).

Beijing 798 Art Zone (798艺术区)

Beijing 798 is the most prominent art zone in China. It developed from an “underground space of arts” (Berghuis, 2008) into a “maturing creative cluster” (Waibel & Zielke, 2012: 17). This process can be divided into two distinct phases: a “phase of bottom-up development” and a “phase of consolidation” (ibid.). The turning point between the phases occurred around 2004 when the government ensured its protection and established a management board. During the phase of bottom-up development, the most important actors were the collectively organized artists who fought against the demolition of this area and solicited public support. The opponents of the artists were the owner of the factory ground, the Seven Star Group, and the local state. Both had the same intention to bulldoze the entire area in favor of a commercial development. Again applying DiGaetano and Strom’s terminology (2003: 365), it can be stated that they jointly pursued “material objectives,” “providing selective benefits.” These objectives imply a clientelistic mode of governance.

After protection had been ensured, the Seven Star Group became the main investor. Together with the local state, they jointly managed the area by delegating the tasks to the “Administration &

Table 1
Comparison of Creative Spaces.

	798 Art zone	M50	OCT-Loft	Xinyi	Taigu	TIT	Redtory	1850
City	Beijing	Shanghai	Shenzhen	Guangzhou (Liwan district)	Guangzhou (Haizhu district)	Guangzhou (Haizhu district)	Guangzhou (Tianhe district)	Guangzhou (Liwan district)
Seize (sqm)	300,000	41,000	150,000	18,000	55,000	90,000	160,000	30,000
Tenants	Galleries, artists, coffee- & souvenir shops, bars, restaurants	Galleries, artists, coffee- & souvenir shops	Galleries, designer, Starbucks, restaurants	Some designer, commercial apartments, event location	Coffee shop, cinema, wine seller, yacht club, event location	Fashion designer, hotel, coffee shops	Galleries coffee- & souvenir shops, restaurants	Some designers, multi media companies
Beginning ^a	End of 1990s	End of 1990s	2004	2004	2003	2007	2008	2009
Legalization	2004	2004/2006					2009	
Operations since ^b	End of 1990s	End of 1990s	2007	2007	2008	2010	2008	2011
Developer(s)	Seven Star Group	Shangtex	OCT-Holding	Guangdong Minghuiyuan	Guangzhou Port Group	Shenzhen Dealskey	Tianhe district	McWatts
Administration	Public-private & Administrative Committee	Public-private	Subsidiary of Developer	Subsidiary of Developer	Subsidiary of Developer	Subsidiary of Developer	Public	Public-private
Investment volume (m RMB) ^c	–	–	–	250	180	200	–	160
Governance	Clientelistic (1st), corporatist/populist (2nd)	Clientelistic (1st), corporatist (2nd)	Material	Corporatist-(clientelistic)	Corporatist-(clientelistic/populist)	Corporatist-(clientelistic)	Clientelistic/populist (1st), clientelistic-corporatist (2nd)	Corporatist-(clientelistic)

Own design, information based on interviews and media analysis.

^a Beginning of either planning- and construction-processes or occupation by artists.

^b Operations: date of completion of the construction or beginning of occupation by artists.

^c Including public and private investments for upgrading.

Development Office.” Through this public-private company they regained control over the future development (Currier, 2012: 191). Their main goal became the development and commercialization of the area. Their efforts were successful. Between 2003 and 2008, the number of galleries alone grew from 6 to 150. At the same time, the influence of individual artists in the decision-making processes was reduced. In 2011, the local state established another institution, the “Beijing Administrative Committee of 798 Art Zone”. Its main purpose is strategic planning and the preservation of 798 as a national hub of contemporary arts, whereas the Administration Office is more tasked with the daily management. These two institutions secured the local state’s status as the most powerful decision maker. Together with the investor, the local state pursues the objectives of economic restructuring. These aims can for sure be regarded as “material”, too. Chinese politicians have also utilized 798 for the purpose of city branding in an attempt to prove Beijing’s new openness and tolerance. In terms of DiGaetano/Strom’s terminology this can be considered as “symbolic” objective that might be hints to a populist mode of governance. The relations between the stakeholders are well regulated through the Administration Office, which also ensures that the interests are balanced. All in all, this governing logic and relations bespeak a corporatist mode of governance with some elements of a populist mode of governance.

Currently, 798 receives about three million visitors annually and has developed not only into a major tourist attraction, but also into a popular leisure space. Coffee shops, restaurants and events such as the “Mercedes-Benz Fashion Show” increasingly attract BoBos, making 798 an important symbol of China’s Second Transition.

Shanghai M50 (M50-创意园区)

Shanghai M50 is the most prominent creative space in Shanghai. Its development shows great similarities to that of Beijing 798. Here, two phases can be also observed. During the first phase of bottom-up development, M50 was continuously threatened by the real estate ambitions of Shangtex and the local state, prompting artists to organize into groups to fight against demolition. Ruan

Yisan, a well-known urban planner, became one of their spokesmen. He mobilized popular support by requesting that the government protect this “Shanghai SoHo” (Ruan, 2004) in mainstream media (Zhong, 2012). Meanwhile, key decision makers pursued material objectives with Shangtex and local state trying to maximize their profit. Just as in the case of Beijing 798, the relations among them seemed to be based on “particularistic exchanges” (DiGaetano & Strom, 2003: 366). These are strong indicators of a clientelistic mode of governance. After protection was ensured in 2004, a “phase of consolidation” began. Shangtex became the investor and instituted a public-private management organization to oversee the area (Zhong, 2012: 178). This institutional innovation allowed the local state and operator to regain control, and their powerful economic and image-making objectives were consequently balanced. Unlike Beijing 798, Shangtex seems to be a more powerful actor than Beijing Seven Star Group. The formalization allowed by this pragmatic partnership, together with the manner in which its decisions are enacted, indicate a more corporatist approach to governance.

M50 has become so commercially successful that a new extension has recently been opened in the suburbs of Shanghai. However, as a result, local artists complain about rising rents and the decreasing importance of original art.

OCT-Loft (华侨城创意文化园)

OCT-Loft is a unique case, since the local state had already handed over the development rights to OCT-Holding in 1985. Consequently, local and city government did not play a major direct role in the development process. However, it still acted as a supervisor of the state-owned OCT-Holding. When applying a governance framework, the out-sourcing of public tasks to the (semi-)private business reveals a tendency towards a managerial approach of governance. Its governing relations can be characterized as “formal bureaucratic” (DiGaetano & Strom, 2003: 366) interactions between the local state and the private business. Since early 2004, all planning, construction and operation activities have

been fulfilled “under the guidance of the OCT-Holding” (N.N., 2008), namely a subsidiary of OCT-Properties. After the construction of an extension had been completed in 2011, a management subsidiary was established to supervise the area. All in all, the development of the OCT-Loft has been an entrepreneurial project of an investor and the decisions are made by its different departments. Gaining insights into the nature of decision-making within the company has proved to be almost impossible. The empirical analysis showed that the tenants of OCT-Loft do not feel particularly involved in the decision-making processes. Therefore, the governing logic can be labeled as authoritative top-down. Unsurprisingly, the OCT-Holding continues to pursue material objectives to maximize the commercial success of the property. In summary, our analysis has led to understanding this as a case of a material mode of governance.

The OCT-Loft is the most famous creative space in the Pearl River Delta. It has been so successful in attracting designers and hosting exhibitions that it was allowed to nearly double in area in 2011.

Guangzhou Xinyi International Plaza (信义国际会馆)

Xinyi International Plaza became the first creative space in Guangzhou. In 2004, the developer Guangdong Minghuiyuan purchased the land from the former operator. Within this initial development step, the role of the local state (Liwan district) was limited. It was only involved in the transformation of the land use rights. As the development progressed, however, the role of the local state changed. Xinyi benefited from the “Three Olds” and tertiarization policies through the local state. As a distributor and investor of public funds, the district regained control. The local state and the private investor were undoubtedly the most influential key decision makers in the whole development process. After Xinyi opened in 2007, both stakeholders jointly agreed to establish a public-private management association. This unit is responsible for daily management activities, such as renting out plots and maintaining the infrastructure. Decisions are made in a consensus-oriented way. These are strong indications of a corporatist governance mode.

With regard to the long-term development, governing relations and logic seem to differ. This is primarily due to the local state’s classification of the site’s land use as only “temporarily commercial,” a designation that mandates the re-evaluation every two years. Recent assessments have indicated greatly increasing land values for this waterfront site. By changing in the classification to “housing” real estate projects could be realized, this would allow for more financial gains for Liwan district government. This prospect is dangerous as it creates a high level of uncertainty for Xinyi’s developer. Decision-making is dominated by the local state and “particularistic exchanges” with representatives from the private real estate sector (DiGaetano & Strom, 2003: 366). It can be assumed that this retains elements of a clientelistic mode of governance.

Xinyi’s success nonetheless remains limited. Aside from a few interior-designers, it has been unable to attract many from the creative class.

Taigu Warehouse Dock (太古仓码头)

Built between 1904 and 1908 and nationalized in the 1950s, Taigu’s pier reflects both Guangzhou’s colonial and socialist past. After Guangzhou’s mayor personally protected the warehouses in 2003, they received legal protection in 2005 (UPO, 2010). The Guangzhou Port Group, the former operator, later developed Taigu into a creative space in accordance with the “Three Olds” and tertiarization policies. While the Haizhu district has been another

prominent key decision maker, the influence of mayor Zhang can hardly be understated. His “political patronage” (DiGaetano & Strom, 2003: 365) ensured protection and revalorization of this creative space. From a governance perspective, this is typical for a clientelistic mode of governance, which most accurately describes the beginnings of Taigu. Later, the Haizhu district invested 100 million RMB of public funds and Guangzhou Port another 80 million RMB. Taigu has also been operated by a subsidiary of Guangzhou Port Group. From a governance perspective, the stakeholder landscape, with Haizhu district and Guangzhou Port as key players, can best be described as an “exclusionary circle of powerful interests” (DiGaetano & Lawless, 1999: 548). Over time, a gradual shift in urban governance can be observed from a clientelistic mode to a more corporatist mode of governance.

Today, while Taigu does not provide much workspace for the creative class, it houses a cinema, saloon-bar and a wine retailer. Consequently this “creative” space can be regarded as waterfront development of a highly commercially valuable leisure space, labeled in Chinese media as an “urban living room” (Ni, 2010b).

T.I.T Creative Industry Zone (T.I.T创意园)

Officially opened in 2010, T.I.T has also been affected by the “Three Olds” and tertiarization policies. In the early 2000s, Guangzhou Textiles Industry & Trade Holding had vacated the property and the government had initially planned to bulldoze the dilapidated factories to make room for green space development. But in 2007, these plans were dismissed in favor of an initiative by mayor of Haizhu and leading managers of the Textile Holding to convert the area into a creative space instead. Designers could use the space and benefit from the proximity to the Zhongda Textile District, the most important textile cluster in Guangdong (Zielke & Waibel, 2012). The real estate developer Shenzhen Dealskey joined them later and the three parties together invested around 200 million RMB. The governing relations among them might be described as “exclusionary negotiations” (DiGaetano & Strom, 2003: 366), as they built a consensus on the local government’s pro-growth agenda to transform T.I.T into a creative space for fashion design. Apparently, material objectives prevailed. As observed in all other creative spaces, daily management tasks were later outsourced to a management unit. In the case of T.I.T, however, the local state does not seem involved in the daily operations to any large extent. These strongly indicate a corporatist mode of governance.

The operation of T.I.T is a success story and serves as a precedent for other developments. Hu Jintao even paid a visit to it and expressed hope, to transform China from country that is not only a large, but strong producer of textiles with competitive brands—in short, to realize the goals of the Second Transition.

Redtory Art + Design Factory (红专厂艺术区)

Similar to Beijing 798 and Shanghai M50, Redtory witnessed a period of bottom-up development followed by a phase of consolidation. In case of Redtory however, the bottom-up development phase was only brief (2008–2009). It began when the interior-design company Newsdays rented a disused factory from Guangzhou Eagle Coin. Encouraged by Newsdays’ owner, Sherman Lin, a handful of local artists followed the company’s example. Soon after, Guangzhou Eagle Coin and the local state—in this case the Tianhe district administration—passed plans to bulldoze the factory site in favor of a commercial development. However in 2008, the bulldozing was halted due to the artists’ renting out the factories. In this case as well, the artists refused to accept this without protest. This micro-level conflict was only resolved through the interference of a

political leader, mayor Zhang. Apparently, some of the involved artists had good personal relations to him and could convince him to protect the site. Further, *Newsday's* owner, Sherman Lin and his colleagues prepared a plan to develop Redtory into a “central art district.” They presented these plans to the local People’s Congress and Redtory was finally granted a protected status, though only until 2019.

The official protection of Redtory in 2009 was the beginning of its phase of consolidation. Redtory soon benefited from the “Three Olds” and the land was accordingly transferred from Guangzhou Eagle Coin to the local state. The Tianhe district then delegated tasks to a management unit. This institution not only rents out factories, but also runs some galleries to promote Redtory as unique art district. *Newsdays* advises the management unit, so public-private interactions appear to be well regulated. Nonetheless, personalized exchanges are very common between artists and the management unit. The director of the management unit worked as a former lawyer for *Newsdays* and maintains close personal relations with Sherman Lin. Consequently, the influence of the pioneering artists is still very strong. A constant source of conflict between artists and management unit remains in the different objectives they pursue; whereas the artists are interested in having affordable space to present their artwork, the local state is more interested in profit and image-making (Li, 2012). Due to these governing relations, key decision makers and political objectives, the governance of the phase of consolidation can best be described by a hybrid mode of governance that combines a clientelistic and, to a lesser extent, corporatist modes.

The political patronage of mayor Zhang ended with his term in office: his successors dismissed the plans of a “central art district”, and instead they decided to erect a “Guangzhou’s International Finance City” at the same site. In early 2013, the city government officially announced that the factory compounds of Redtory will be bulldozed soon in favor of this apparently more profit-promising development (Chen, 2013). This decision is not un-contested though: Recent observations of Chinese micro-blogs (see Chen, 2013) reveal a very critically attitude towards this decision because Redtory has gained a very high popularity not only among local artists, but also among journalists and urban middle classes.

The 1850 Creativity Zone (1850创意园)

The 1850 Creativity Zone is a recent example of creative space development in the Liwan District. According to its high-gloss image brochure, the reference to “1850” refers to the fact that Guangzhou was the 4th largest urban economy in the world in 1850. It can be safely assumed that in reality, a catchy name was simply needed, similar to those of 798 or M50. Three main stakeholders are involved in the project: the operator of the former chemical factory, a private real estate company and the local state. 1850 also benefited from the “Three Olds”, implemented by the district government. The development started in 2009, when Liwan district reached an agreement with the former operator, the state-owned Guangzhou Chemical Industry Group, and the developer McWalts with regard to restructuring. They jointly invested about 160 million RMB (Liwan, 2009). Similar to the development of the adjacent Xinyi site, the three stakeholders established a public-private partnership company, the “Guangzhou 1850 Creative Property Investor”. This company became responsible for the physical and commercial development of the site and eventually of daily management. According to the stakeholders, this public-private partnership ensures “balanced interests, efficiency and transparency” – at least for the actors involved. It became clear that the key decision makers are again concerned with “material” objectives. The Liwan District jumped on the proverbial creative

industry bandwagon and McWalts continues to attempt to run a successful commercial project.

Until now, high vacancies and a lack of events indicate that 1850 still has a long way to go. It is labeled as creative space, though without a significant proportion of creative industries. On the contrary, it is just one of many real estate projects merely using creativity as a marketing slogan.

Conclusion

In summarizing the comparative analysis of the eight creative spaces, it must be acknowledged that it is highly difficult to clearly identify a single ideal mode of urban governance derived from DiGaetano and Strom’s terminology. Looking at the key decision makers at first, five main stakeholder groups can be identified: 1) the operators of the factories, who usually hold the land use rights; 2) the local state, who makes decisions regarding the transformation of land use and purpose; 3) a (semi-)private real estate developer company; 4) self-organized groups of artists; and 5) high-ranking politicians. These five groups of key decision makers pursue specific objectives. The company operating the (former) factory usually seeks to maximize returns derived from their possession of the land use rights. The local state has manifold interests and is also interested in obtaining revenue from the site. For a long time, the most obvious way to maximize profit was to allow for commercial developments. Meanwhile, there are additional options. Creative spaces are now regarded as an opportunity to redevelop derelict factory sites, to provide for workspace for a local “creative class,” to offer local residents and tourists a pleasant leisure area, to preserve industrial heritage and, last but not least, to take advantage of their capacity for image-making as well as city-branding. The third group includes real estate developer companies. They try to maximize the commercial success by either bulldozing the factory sites to subsequently develop real estate projects, or more recently by developing creative spaces. The collectively organized artists are interested in preserving the area, maintaining affordable rents and an attractive environment. The high-ranking politicians pursue their personal agenda, which is influenced by the pressure for economic performance and symbolic legitimation. In DiGaetano and Strom’s terminology, it can be safely assumed that all five groups usually pursue “selective benefits” that can be characterized as “material.” However, it must also be said that additional non-material objectives prevail. The local state and politicians are also interested in image-making, while the artists are interested in the architectural preservation of the site. These latter objectives are “intangible” and can be labeled as “symbolic” according to DiGaetano and Strom. The reality of contemporary China clearly shows that key decision makers can have more than one political objective at the same time.

In order to decipher modes of governance, the interactions among the key decision makers need to be analyzed. DiGaetano and Strom label these interactions as governing relations. The empirical analysis shows that the governing relations differ during the evolutionary phase of creative spaces and during the phase after consolidation. In the latter phase, aspects of daily management become more important. In the cases of the pioneering creative spaces in Beijing and Shanghai, the development was often contested. There, an alliance between the factory operator, the developer company and the local state usually existed. Within this alliance, governing relations were consensus-orientated and based on “exclusionary negotiations.” This alliance fought the collectively organized artists groups who sought to gain public support. The governing relations between them can be described by “particularistic exchanges.” With the beginning of the phase of

consolidation and the establishment of management units, the governing relations changed and a shift towards more exclusionary negotiations could be observed. In the case of the creative zones in Guangzhou, the initiation of creative spaces immediately started with exclusionary negotiations. Redtory and Taigu are, however, exceptions. In these cases, Guangzhou's mayor was involved into "particularistic exchanges" and his "personal patronage" ensured the protection. As the most recent development of Redtory suggests, this kind of personal protection can easily be ended if new political leaders with different agendas take over.

The comparative analysis reveals that urban governance modes changed over time. A wide range of multiple and hybrid modes of governance were observed. Though clientelistic modes still prevail, corporatist and, to a lesser extent, even populist elements have emerged. Consequently, the hypothesis is generally verified, insofar as the development of creative spaces implies new modes of urban governance.

Above all, the empirical case studies highlighted the various powerful roles played by the local state throughout the course of each development. It can be safely assumed that the local state is ultimately the most influential key decision maker. By enacting the regulation to preserve industrial sites in Shanghai in 2002, the local state has taken the role as a *regulator*. A legislative framework was created to regulate and promote creative spaces. By means of establishing new institutions, the local state became a *certifier* and *consultant* of creative spaces. The local state's role as *transformer* of land use rights puts the local state in a very powerful position. For example, granting only a temporary land status is a very effective tool in maintaining control and negotiating power. It also invites the opportunity to bargain for space with other interested groups. Some cases show that the local state had undertaken the roles of *mediator* and *matchmaker* between the factory's former operator and an investor. The local state also acts as an *investor* and *distributor* of funds. It has been shown that in many cases the local state is involved in the daily management activities, so it is also a *supervisor* and *manager* of creative spaces. The multiple roles taken by the (local) state in the course of creative space development reveal the inherent challenges in applying the analytic governance framework developed in western countries (with clearer distinctions among politicians, civil servants and the private business actors) to the specific situation in urban China. The strong involvement of the local state in almost all aspects leads to the conclusion that creative spaces in China might be adequately labeled as spaces of "controlled creativity."

More generally, the development of creative spaces in China reflects several major trends, the first of which being the increasing recognition of arts, creativity and culture by politicians globally since the late 1990s. In China, this can be traced back to the "Second Transition" in 2003. During the last decade, Chinese arts experienced a boom that was boosted both by new global interest and the members of China's rising upper class, who treat artwork as status symbols. With regard to development, it must be highlighted that the municipalities Beijing and Shanghai were spearheads in the formalization, regulation and promotion of these creative spaces. Typical of the transitional process in China, the national government recognized the value of creative industries and spaces only after successful experiments on local levels. Until now, the main contribution of creative spaces to the Second Transition is without doubt their symbolic function for image-making and city-branding, as they give the appearance of international, tolerant and harmonious urban environments on one hand attractive to the global creative class while also appealing to leisure-seeking and status-conscious emerging Chinese urban middle class. Recent studies however suggest that the economic outcome of creative spaces and creative industries is still very limited.

This comparative case study gave preliminary insights into how the restructuring of brownfield industrial areas in China's megacities is taking place. For a deeper analysis, further comparative case studies and theoretical investigation are needed.

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