

GOVERNANCE AND GENTRIFICATION IN CREATIVE INDUSTRY CLUSTERS

- A STUDY OF THREE CREATIVE CLUSTERS IN BEIJING

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Thesis Title: Governance and Gentrification in Creative Industry Clusters - A Case Study of Three Creative Clusters in Beijing

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Abstract: The thesis aims to reveal the relationship between the government's cultural creative industry development policy and the response from the creative class. The thesis mainly assumes that the policy plays an important role in guiding the formation of creative clusters but fails to facilitate creative businesses in the long run. Through interview and second hand data collection in three creative industry clusters, 798 Art Zone, No.46 Fangjia Hutong and Nanluoguxiang in Beijing, the thesis mainly finds that the existing governance strategy can't protect the identity of 798 Art Zone and No.46 Fangjia Hutong, the roles of creative class were marginalized in redevelopment process and the government should learn from Nanluoguxiang's case in constructing platform to promote the participation of creative class to balance the interests of different stakeholders in clusters.

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1. Introduction

Recently, the term “Creative industries” gained popularity in academic, policy and industry discourses since its debut in the Creative Industries Task Force Mapping Document (CITF (1998) 2001) in the UK. This document defined creative industries as “activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through generation and exploitation of intellectual property.” It is clear that creative industries are playing an important role in optimizing the industrial structure and development level due to its characteristics as knowledge intensive, high value-added and integrated (Hu, 2008). The creative cities are supposed to serve as a future reference model for urban development (Jessop, 1998; Drake, 2003). Chinese government also has noticed these advantages and quickly adopts creative industry policies as the means to solve urban problems of many kinds: economic stagnancy, inner city decay, global competition or more.

Beijing, the capital city of China, is the core of creative industries development of the nation. On Dec 11, 2006, Beijing Municipal Finance Bureau announced the Beijing Cultural Creative Industry Development Special Funds Regulation and decided to set aside 500 million Yuan each year to support the development of its cultural creative industries. According to the document, creative industry includes performance, publication, arts and antique market, media, comic and video game, advertising and convention, design and cultural tourism. In 2011, the added value of Beijing’s cultural creative industries reached 193.86 billion Yuan, which accounts for 12.1% of the city’s GDP. In that year, the revenue from the cultural creative industries sectors surpassed 900 billion with a growth rate of over

20%¹ compared with the previous year. Apart from the statistical achievements, the Beijing's creative economy has gained more influence on the global stage. The Director-General of UNESCO, Irina Bokova, designated Beijing as "city of design" on May 7, 2012, as part of the Organization's Creative Cities Network². From Oct 20-23, 2013, Beijing successfully held the Creative Cities Summit, a platform for exchange and multi-stakeholder dialogue on key global issues³.

Scholars have already distinguished between different modes of creative industries cluster development in Beijing. Generally, it includes two basic models, one is organic development in the beginning, and the other is government-led in the beginning. For the first scenario, the most renowned creative clusters in Beijing, such as the Zhongguan Village Information Technology Cluster and the 798 Art Zone, are organically developed by the creative class. When the clusters grew mature, the municipality stepped in to give official industrial cluster registration and provided more public investment into infrastructures and facilities. For the second scenario, the capital made enormous effort in order to duplicate these successful organically developed creative neighborhoods by the following methods: (1) to upgrade its existing industry parks with creative industries; (2) to develop new creative industry parks in suburban areas to attract businesses; (3) to renovate its inner city factories and warehouses as creative industry parks to accommodate the creative businesses. Just for the past five years, creative economy surged in the capital. However, scholars have identified several crucial drawbacks behind the stage. The government didn't manage to provide service platform and other necessary infrastructure.

¹ The prosperous cultural creative industry in Beijing, from http://zqb.cyol.com/html/2012-06/28/nw.D110000zgqnb_20120628_4-06.htm

² Beijing, Jeonju and Norwich nominated as UNESCO Creative Cities, from www.unesco.org

³ Creative Cities Beijing Summit, from www.unesco.org

Some of the creative industry parks have businesses but cannot facilitate inter-industry communication and cannot generate synergy to creativity stimulation for creative class (Zhang, 2011).

To have a better understanding of how different mode of creative cluster development actually worked out, I chose three famous creative clusters in Beijing as my case studies. The first one is 798 Art Zone, an organically developed artistic cluster heavily shaped by the free market power. The second is No.46 Fangjia Hutong Cultural Industry Park (abbreviated as No.46 Fangjia Hutong in following text), an area that has been transformed from the National Machine Tools Factory to a cultural industry park as a result of the city's pro-creative industrial policies. And the final one is Nanluoguxiang Creative Neighborhood (abbreviated as Nanluoguxiang in following text), an inner city renovation project resulted from local governments' planning efforts.

Through these case studies, I try to answer the questions as to which development path can provide the creative class with a suitable environment, whether the municipal's governance and place making strategy made these industry parks successful. And no matter the answer is satisfactory or not, how does the creative class respond. How do they self govern and what is their place making strategy. Can they reshape the place and reorganize the spatial and social order to facilitate their creativity. And how can they do so. The thesis hypothesizes that the municipal policy plays an important role in guiding the formation of creative clusters but fails to facilitate creative businesses in the long run. The thesis also hypothesizes that through self governance and individual place making strategies the creative class is able to make the cluster more suitable for their creative productions.

In order to testify above two hypotheses, the thesis will explore the concept of creative industry and debates over governance and creativity in the first section. Examples from the globe will be provided to examine the development patterns of creative industry clusters and how the creative class interacts with municipal governance and policy. And the thesis will further review literatures on China's based on China context. Then the thesis will refer to the case of those three clusters from where to analyze and discuss: (1) the creative industry policy of Beijing; (2) comparative study between the development modes of 798 Art Zone, No. 46 Fangjia Hutong and Nanluoguxiang; (3) the dynamics of creative class: self governance and place-making strategy; (4) conclusion and discussion: conclusion and policy recommendation will be produced from previous research findings, constrains of the research will be discovered and further research direction pointed.

2. Literature Review

2.1. Concepts and theories

In this thesis, I am using three creative industry parks as case studies to show how to better develop creative industry in the form of industry clustering. So first I explored and distinguished several key concepts and theories including creative economy, creative industry and creative cluster and creative industry parks.

2.1.1. Creative Industry and Creative Economy

An early recognition of the distinct contribution of the creative industries came in the creative industries Task Force Mapping Document (CITF(1998)) in the UK. This document defines creative industries as “activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through generation and exploitation of intellectual property.” It first categorized into industries sector the following activities: Advertising, Architecture, Arts and Antique Markets, Crafts, Design, Designer Fashion, Film, Interactive Leisure Software, Music, Television and Radio, Performing Arts, Publishing and Software. After that, researchers have revised the definition overtime. Richard Caves’ *Creative Industries: Contracts between Arts and Commerce* (2000), which canvasses the economic and contractual dynamics that link the established arts and media as a harbinger of things to come in that market (Caves, 2000). From a business economics perspective, John Howkins’ *The Creative Economy: How People make Money from Ideas* gives the definition based on four factors – the copyright, patent, trademark and design industries – together constitute the creative industries and the creative economy (Howkins, 2001).

In this thesis, I would argue that creative industry is a term strongly associated with personal creativity and intellectual rights. It has surpassed the general understanding of cultural industries in a sense that it emphasizes the convergence of the sectors among first, second and tertiary industries. It is not about re-organizing its relevant industries into subcategories but to highlight its influence over the growth of the whole economy and industry structure evolution under the shift of global economy, technology and culture (Rong, 2004).

Regarding creative industries, technological and organizational innovation enables new relationships with customers and the public that are not reliant on “mass” models of centralized production and public consumption. Instead, interactivity, convergence, customization, collaboration and networks are key (Cunningham, 2002). In respect to the diagnosed structural elements of creative industries, new forms of urban management come to the fore: informal alliances between private and public stakeholders, self-organized networks to promote new products in new markets and context-oriented forms such as branding of places, represent new forms of managing the urban. (Lange et al., 2008)

The remark of Richard Florida is evocative of the kind of sophisticated and, at the same time, straightforward account of the regenerating potential of culture in contemporary cities that he has offered in his successful work on the creative class. Richard Florida’s work on the creative class has focused on a means of measuring, and hence ranking, what he argues are the most significant characteristics that make cities ‘creative’(Florida, 2002). Florida uses three Ts which he argues will endear an area to the creative class: technology, talent, and tolerance. These three factors do not make creativity, creative cities or workers, but instead they are the reason of place attractiveness. It is argued that what draws the people

who populate these critical occupations is tolerant, or liberal communities, and work environments plus a bohemian consumption space (Florida, 2002).

2.1.2. Creative industry cluster and creative industry park

Creative industry park and creative industry cluster is two terms related but distinguished from each other. Creative industry cluster refers to specific space that formed by creative industry and its relevant industries by geographically clustered in urban space. It consists of creative district that organically transformed by artists in some old factories, the bottom-up scenario and government led industry parks or industry base, the top-down scenario. It can be the cluster of different kinds of creative industry categories such as comics and gaming, filming and broadcasting, art crafts and fashions and so forth. It should be the space that different industry and generate synergy with each other given various identities and activities.

Creative Industry Park is part of creative industry cluster. In China's context, it is a term referring to government regulating and planning action, defining the border of economic activity to those creative class' clusters. It is where creative studios or service companies concentrate in art, design, advertising, public relationships or other creative businesses, and where forms a multicultural ecology system and creative service industrial chain. It refers to cluster that has clear industry identity, complete public service facilities and management system, and is dominated by intense knowledge work and related labor processes such as research, training, incubating, producing, exhibiting and exchanging. It is also featured with a combination of live-work patterns of creative class, a combination of creative production and consumption, diversified and open atmosphere with local cultural characteristics, and connected to the rest of the world. Creative industry parks have

relatively clear boundaries in most of the cases by government planning behavior. Creative industry parks may not generate clustering effect when it is founded. Only if when more related businesses can enter the park, communicate, collaborate with each other and foster the relationship with other industry parks, the clustering effect of industry park can be generated.

2.1.3. Creative class and creativity

Florida groups Creative Class as workers whose job is to create meaningful new forms (Florida, 2002). It is composed of scientists and engineers, university professors, poets and architects, and also includes "people in design, education, arts, music and entertainment, whose economic function is to create new ideas, new technology and/or creative content" (Florida, 2002). The designs of this group are seen as broadly transferable and useful. Another sector of the Creative Class includes positions that are knowledge intensive; these usually require a high degree of formal education (Florida, 2002). Examples of workers in this sector are health professionals and business managers, who are considered part of the sub-group called Creative Professionals. Their primary job is to think and create new approaches to problems. Creativity is becoming more valued in today's global society. Employers see creativity as a channel for self-expression and job satisfaction in their employees.

The Creative Class is also known for its departure from traditional workplace attire and behavior. Members of the Creative Class may set their own hours and dress codes in the workplace, often reverting to more relaxed, casual attire instead of business suits and ties. Creative Class members may work for themselves and set their own hours, no longer

sticking to the 9–5 standard. Independence is also highly regarded among the Creative Class and expected in the workplace (Florida, 2002).

2.2. Creative clustering policy and its response, global case studies

In this thesis, I am using three creative industry parks as case studies to show how to better develop creative industry in the form of industry clustering. But creative industry clustering in a global context is different from China's situation. But in conversations abroad, there's not government designated industry parks, and creative industry cluster can be referred to different scales ranging from neighbor to city level or even regions. In this section, I will look into creative clustering cases in various scales to examine its policy effect and local response from global perspectives.

The idea of creative industry is a much-criticized yet powerful organizing device that forms the basis for many debates about future economic development. Almost unquestioned, it is also supposed to be the solution to urban problems of many kinds. As creative industry development policy and strategy are adopted in cities on a global scale, scholars have paid attention to the relationship between governance of creativity and the response of the creative class.

In 2000, research was conducted to analyze the role and appropriateness of local authority policy intervention through case studies of cultural quarters in Manchester and Sheffield (Brown, O'Connor and Cohen, 2000). Sheffield's strategy began with the provision of facilities aimed, on one hand at increasing access to the resources to make music (and film) – rehearsal space, recording facilities, a live venue etc. – and on the other at providing a means whereby musicians with money to invest. Furthermore, the Creative Industry Quarter created a tourist attraction to bring people into Sheffield from elsewhere in the UK

and abroad. In contrast to Sheffield, the Manchester's Northern Quarter did not result from, nor result in, a concerted cultural industries or cultural quarter strategy from the city. However, the music industries in both of the two cities share lots of similarities. They were prosperous from a strong industry foundation and the importance of "soft" networks was highlighted in both cases. The development of cultural industry called for free cultural atmosphere. The local talents wanted a city with less council intervention where they could operate more effectively (Chen & Wang, 2005). Discursive opposition of "top-down" to "bottom up" is increasingly failing to articulate the complex needs of the music industry at local levels. And the key problem for local strategy is centered on developing infrastructure that mobilizes the local talents as it moves towards the global stage.

In 2004, after the examination of the relationship of cultural clusters and urban cultural policy in Rotterdam, Amsterdam, Tilburg and Utrecht, Hommaas summarized that the cultural clustering model represents a turn in urban cultural policy-making, from a more exclusive, vertical and regulatory perspective, to a much more inclusive, horizontal and stimulating perspective (Hommaas, 2004).

Lange et al. have tried to answer the question as whether creativity can be steered by public administration through the case study of Berlin (Lange et al., 2008). On the one hand a state and administrative body that by and large follows a rather standard approach to organize, plan labor directly on the ground within a given territory. On the other hand, the reality of a market that is abandoning it and constitutes itself far beyond the administrative borders. The "culturepreneurs" invent forms of self-organization to gain access to power structures, based on informal conglomerates and extensive networks.

In a study of creative economy in Singapore, Ho argues that the creative industry policy has largely focused on institution building, infrastructure provision and manpower development and less attention has been paid to the issue of space provision. The possibility that alternative spaces needed for more experimental ventures and start-ups has not been considered. Ho further contends that the state should devote more effort to preserve the inner city areas of mixed use to allow for start-ups and new experimentations (Ho, 2009). In the pursuit of creativity strategies in Australia's cities, Atkinson and Easthope contend that the creative development and policy has bypassed community organizations and has raised the prospect of exclusion from this new prosperity (Atkinson & Easthope, 2009).

In Baltimore's case, Ponzizi and Rossi find that public provision of grants and community development schemes have stimulated civic vibrancy. One of the most significant was the "creative fund" which allocates subsidies to cultural and arts organizations through a competitive call for application. It institutionally enables the disciplining of cultural actors. The city has managed to gather local actors under the banner of a more identifiable and politically manageable macro-actor, named the "creative class" (Ponzini and Rossi, 2010).

It can be summarized here that literatures show the local responses vary drastically from cities and industries. However, similarities can be extracted that in these cases, emphasis was given to the nature of creative industry, the need of the creative class and their construction of social networks. In spite of the contrast of socio-economic context between China and the western countries, I assume that these three dimensions of creative industry should still be evaluated as key criteria when examining the industry policy in china.

2.3. Domestic literatures

2.3.1. Definition of creative industry in Beijing

Creative industry, the term imported into China after 2003, is still a fuzzy concept both in academia and urban police conversations. There is no national wide definition of creative industries but several big cities such as Beijing, Shanghai and Guangzhou etc have set their own definition and industry classification and statistical standards. Beijing, for example, published the “cultural creative industries classification standard” to define cultural creative industries as “industry cluster that rely on creation, innovation as its fundamental means, values cultural content and creative outputs as its core, featured with intellectual property exchange and provides cultural experience for publics in the society.” It consists of nine groups of activities: cultural arts; news and publishing; broadcasting, television and films; software, internet and computer services; advertising and convention services; arts markets; design services; tourism, leisure and entertaining services and other complimentary services. The thesis is not debating over the classification issue among municipalities but merely rely on the classification standard in Beijing for further analysis.

2.3.2. Domestic research progress towards creative clustering

From 2000, China’s researchers have gradually developed the initial framework about the emergence and the characteristics of China’s creative economy. Ma and Shen contend that, for now, most of the theses are concentrated on the disciplines of human geography, urban planning, architecture and urban design (Ma and Shen, 2010). Experience from successful creative clusters in the global was introduced in the comparative studies (Chen and Wang, 2005; Wang, 2010; Feng et al, 2011; Hong, 2013). Scholars have discussed intensively on the driving forces and emerging mechanism of the fast growing creative industry (Chen and Huang, 2006; Ma and Shen, 2010; Shi et al, 2010; Zhang, 2011). Researchers with

architecture background have focused on how to adapt the old spaces for new economic functions. The current literature also provides insights of the organization and governing mechanism based on individual case studies.

Scholars have discussed the formation of creative clusters in China from different approaches. Zhou and Qiu summarized three modes of creative industry cluster by different development mechanisms: (1) market oriented development under government guidance; (2) spontaneous behavior by artists groups; (3) a combination of artists' spontaneous behavior and government behavior (Zhou and Qiu, 2006). From the view point of industrial chain, Wang indicates four types of creative clusters in China: (1) cultural convergence clustering, where creative industries gather on a similar cultural background and value; (2) location factor clustering, creative industries cluster on specific geographic location, close to special creative class or targeted consumer market; (3) vertical clustering in which businesses was in the same industrial chain with input-output relationship; (4) horizontal clustering, where similar businesses gather to compete for the same consumer market (Wang, 2010).

They have examined the relationship between the impetus and location factors of the creative industry on city or regional scale (see Wang et al, 2007; Chu, 2009; Dong and Gao, 2010). A group of scholars forms quantitative models to research creative clusters. For example, Dong and Gao (Dong and Gao, 2009) constructed a evaluation index system for competitiveness of creative industrial cluster of China, from which they also argued that the development situation of public service and information platform have strong effect on the clusters' competitiveness. Chu reveals two factors strongly associated with the creative clusters in Shanghai as the population density and number of patents, for which he

emphasis a diverse and tolerant urban atmosphere and a strong policy protection of patents will lead to better performance of creative clusters (Chu, 2009). Given the basic political economy background in China, the role of the government in the whole development process should never be neglected. Under this context, scholars have suggested recommendations on how to better facilitate the development of creative cluster. Zhu argues that creative industry parks should find its development path with a precisely targeted market segment, and the city government should strive to construct the institutional environment for creative industry (Zhu 2009).

Wang, Xie and Chen (Wang, Xie and Chen, 2007) reveal two factors that influence the development of creative industry in cities, which are business atmosphere and urban creative capital. They indicate that the domestic creative industry have relied heavily on the local traditional industrial structure and its development atmosphere. Thus they suggest that, in the long run, city government should provide the creative industry with a public service platform to facilitate R&D infrastructure, investment, intellectual property protection and exchange, and to promote the life-work atmosphere for the creative class.

We can notice lots of valuable reflections during the recent booming of the creative industry in China. Chinese scholars argue that instead of seeking cooperation and information sharing with similar industries and companies, the driving force behind lots of industry agglomeration is merely to enjoy the infrastructure and low-rent. It has been long criticized the government led creative industry parks are not generating creativity at all. Scholars have also revealed several flaws in the development process of China's creative clusters as: (1) mis-identification of creative industry parks, shown as a unscientific combination of industries; (2) following the financing strategy of traditional industrial

parks; (3) overheated real estate market and the consequent competition between commercial businesses and creative productive businesses (Zhu 2009; Hu 2008).

To sum, businesses in creative clusters are small and median enterprises, this kind of industry enjoys the advantage regarding industry entry, communication and innovation. But on the other hand, it is constrained by a lack of capital, information accessibility, and management experience and risk avoidance. And all of above characteristics decide that the development of creative clusters should rely heavily the government to regulate and cultivate the industry developing atmosphere and provide public service platform accordingly to support specific industries in different industry parks. Under these background, specific questions for Beijing will be interesting as how the municipality's policy and strategy actually workout and how does the creative class would respond to it.

2.4. Literature review summary and research value

From domestic literatures, we clearly see governments' role in providing public service platform and policy support is crucial for the creative cluster's development in the long run. And from foreign literatures, we can see that given different urban policies across the global, we can never omit the creative class' role in facilitating the cluster in favor of the creative productions. Thus, I generated two hypotheses. The first assumes that the municipal policy plays an important role in guiding the formation of creative clusters but fails to facilitate creative businesses in the long run. However, through self governance and individual place making strategies the creative class is able to make the cluster more suitable for their creative productions. And the research will also contribute to the current literature for the Chinese scholars still hasn't developed mature analysis based on such perspectives.

3. Research methodology

I base my research on a qualitative analysis among three creative industry clusters in Beijing, which are Beijing 798 Art Zone, No. 46 Fangjia Hutong and Nanluoguxiang with emphasis on the previous two sites.

3.1. Brief Introduction of three cases

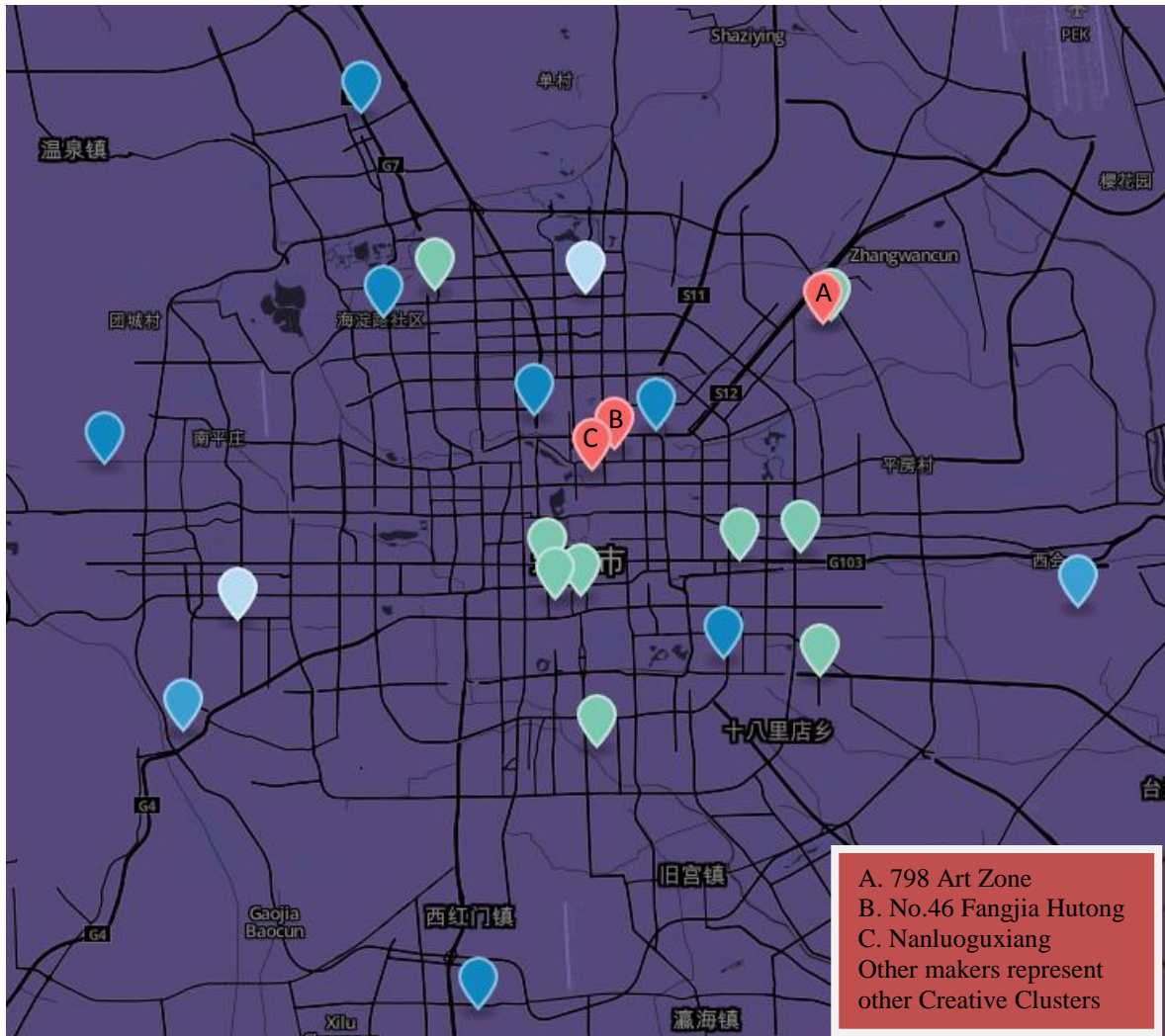


Figure 1 Location Map of Three Cases among Creative Clusters in Beijing⁴

⁴ Source: data extruded from www.bjci.gov.cn, while map is produced in mapbox.com

3.1.1. Beijing 798 Art Zone

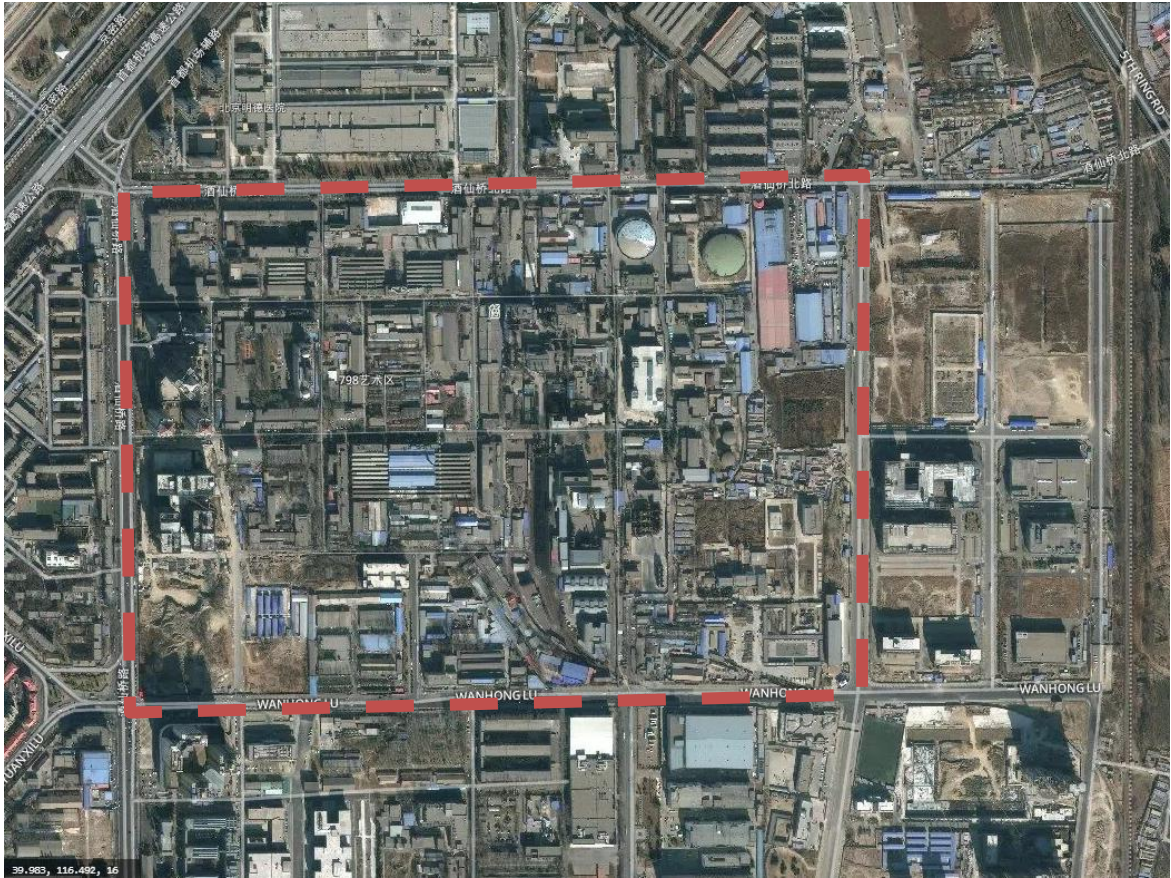


Figure 2 Satellite Image of 798 Art Zone

Beijing 798 Art Zone is located between the 3rd and 4th ring roads in the northeast Beijing Chaoyang District (see Figure 1). It is a maturely developed cultural creative park in suburban Beijing. The area occupied by Beijing 798 Art Zone was once the Beijing North China wireless joint equipment factory, namely 718 Joint Factory. The factory was designed by the experts from former German Democratic Republic, constructed from 1954 and put into use in October 1957. The German experts chose a functional Bauhaus-influenced design over the more ornamental Soviet style and called for large indoor spaces designed to let the maximum amount of natural light into the workplace (see Figure 5 and 6). The chosen location was a 640,000 square meters area in Dashanzi, then a low-lying



Figure 3 the Icon of 798 Art Zone



Figure 4 Bauhaus Architecture and Public Art in 798

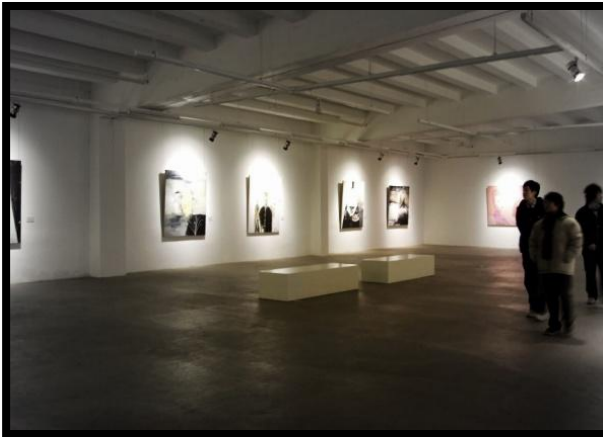


Figure 5 Exhibition Space



Figure 6 The Heritage of Socialist Propaganda and Art Exhibitions

patch of farmland northeast of Beijing. The complex was to occupy 500,000 square meters, 370,000 of which were allocated to living quarters. It was officially named Joint Factory 718 following the Chinese governments' method of naming military factories starting with the number 7. In April 1964, the supervisor units from above dismantled the system of 718, establishing 706, 707, 718, 797, 798 and 751. In December 2000, the former six factories of 700, 706, 707, 718, 797 and 798 were reorganized into Beijing Sevenstar Science and Technology Co., LTD. From that on, the Sevenstar Group rented out these plants for short

terms.⁵ Attracted by the unique style of Bauhaus architecture and its low rent, many artists and organizations came in. Gradually the area formed a cluster gathering art studios, galleries, cultural companies and so on. As the earliest area where the art organizations and artists moved in located in the original area of 798 factory, this place was thus known as Beijing 798 Art Zone (see Figure 3 and 4).

3.1.2. No. 46 Fangjia Hutong Cultural Industry Park

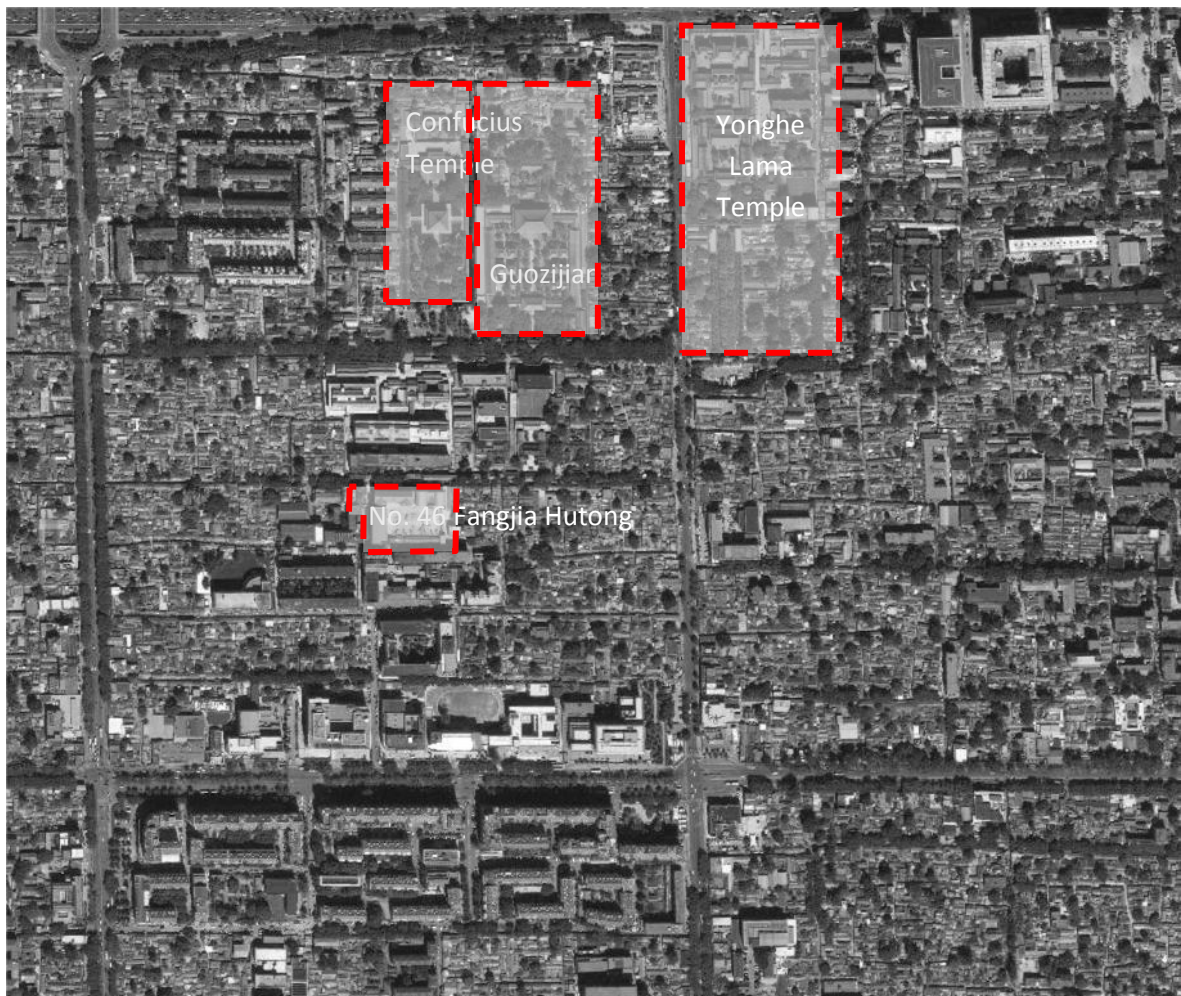


Figure 3 Satellite Image of Location and Surrounding Conditions of No. 46 Fangjia Hutong

The next one, No. 46 Fangjia Hutong, located in Dongcheng District (see Figure 1), is a cultural creative park that aims to duplicate the development mode of 798 Art Zone by the

⁵ <http://www.798art.org/about.html>

city's pro-creative industrial policies. The site is well located in one of the city's cultural hubs. Several famous cultural resources, the Guozijian, the Confucius Temple and Yonghe Lama Temple are all within 5mins walking distance (see Figure 7). Constructed in the 1950s, the National Machine Tools Manufacturing Factory in No. 46 Fangjia Hutong was designed with typical socialist characteristics. Occupying a relatively small 9,000 square meters, the area had a hall, boiler room, constant temporary workshop, assembly workshop, dormitory and canteen and so on (see Figure 8). From 2008, the No.46 Fangjia Hutong Cultural Industry Park was officially set up by the government. The initial design of the industry park was to incorporate the vision of "sharing future with transboundary arts". To achieve this goal, the real estate company stepped in and established this cluster with several major creative industry players, including the Beijing Modern Dance Company, the Juchang Modern Art Center, GSAPP Studio-X Beijing and Caihuoche Cultural Salon. For now, the industry park houses a diverse body of businesses including exhibit gallery, architecture design studios, new media design studios, theaters, education consulting firms, contemporary dance club and so on (see Figure 9 - 12).



Figure 4 Physical Structure of No. 46 Fangjia Hutong



Figure 9 Signages at the Entrance



Figure 10 Board showing creative industries in this park



Figure 11 Public Space in No. 46



Figure 12 Entrance of No. 46

3.1.3. NanLuoGuxiang

NanLuoGuXiang, located in Jiaodaokou, Dongcheng District, is approximately 800 meters running from Guluo East Street to Ping'an Street. This neighborhood, established in Yuan Dynasty, has been well preserved with its complete "fish bone" structure of 84 Acres for over 740 years (see Figure 13). In 1993, it was identified by the Beijing Municipal Government as a historic preservation area. In order to renovate and better preserve the neighborhood, in 2006, Nanluoguxiang Protect and Development Plan and Jiaodaokou Community Development Plan were published marking the Creative Industry oriented redevelopment strategy for this neighborhood. In the following years, handicraft shops, creative clothing shops, food and caterings stepped into this old neighborhood. By 2011,

there were 133 creative business entities in Nanluoguxiang. In December 2012, No. 46 Fangjia Hutong and Nanluoguxiang were designated as part of the Hutong Originality Factory Tour (胡同创意工厂游) in Dongcheng District.

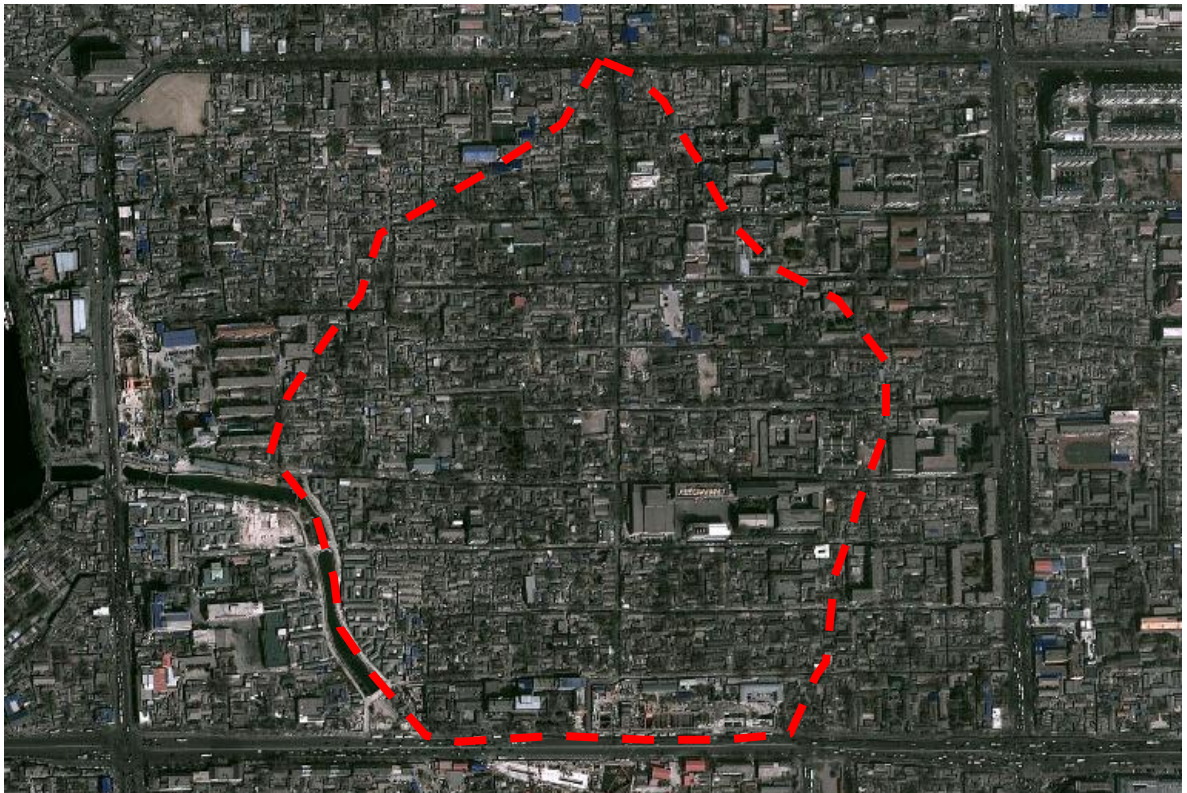


Figure 5 Satellite Image of Fish Bone Street Structure of Nanluoguxiang



Figure 7 Entrance of Nanluoguxiang

Figure 6 Posters in shops in Nanluoguxiang

3.2. Reason for choosing these three clusters

First of all, the three clusters represents three different development modes: Beijing 798 Art Zone is organically developed in the very beginning, No.46 Fangjia Hutong is a mixed effort combining the local government, the real estate company and some artist groups at the very beginning, Nanluoguxiang was pushed by local government by two development plans from 2006. By comparing these three different development modes, I would like to see how different development projectile works out.

Second, No.46 Fangjia Hutong and Nanluoguxiang are located nearby each other in the inner city, Beijing 798 is located relatively far away from the city center. From the rent and location point of view, I want to see how they matter. City centers' rent will be much higher than the outskirts, as lots of creative businesses are of small size companies; an affordable rent would be the crucial factor influencing the location choice of them.

Third, at the first beginning both 798 Art Zone and No. 46 Fangjia Hutong's industry are creative production oriented, Nanluoguxiang is heavily consumption oriented. However, 798 became and No. 46 Fangjia Hutong both show the trend of commercialization and be

	Development mode	Location	Industry type	Stake holder structure	Physical environment
798 Art Zone	Organically developed	Suburb	Creative Production oriented	Creative Class + Real Estate Company + Government	Transformed from old factory
No. 46 Fangjia Hutong	Co-effort of creative class, government and real estate company	Inner city	Creative Production oriented	Creative Class + Real Estate Company + Government	Transformed from old factory
Nanluoguxiang	Typical government led development	Inner city	Consumption oriented	Creative Class + Government + Residents	Transformed from old residential area

Figure 8 Comparison between three cases by different attributes

much more consumption oriented along their development projection. Through this viewpoint, I want to know what's the theory and mechanism behind it, is this phenomenon good or bad.

Fourth, there are different stake holders in three cases. Nanluoguxiang represents redevelopment of residential area, so it will be associated with residents, and the ownership is more fragmented. In No.46 and 798, the properties are owned by the state and be managed by real estate companies. Will these differences also result in different consequences?

Finally, from a physical environmental point of view, both No.46 Fangjia Hutong and 798 Art Zone are transformed from old factories, but Nanluoguxiang is transforming its residential establishments. I would also like to know how particular architecture space meets the needs of certain creative industries.

3.3. Research flow design

Referring the hypothesis, the thesis tries to answer the following questions:

- (1) What is the different role of the government and its policy in the development process of these three cluster,
- (2) what is the development process of these three cases, and
- (3) what is the creative class' response to policies and their strategy to make the best use of the space for their creativity production.

The research design concept can be seen from the below flow chart:

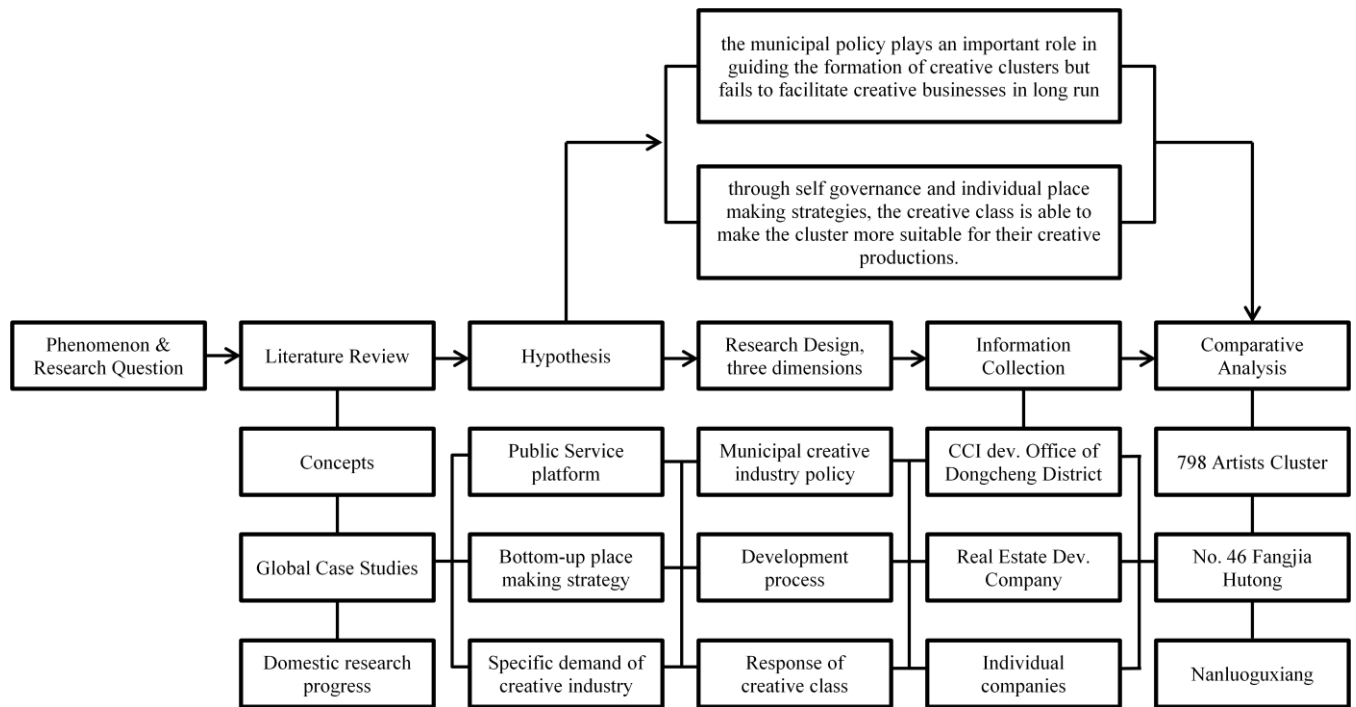


Figure 9 Research Flow Chart

First from real world phenomenon I raised the research question and then I referred to literatures in three categories: concepts, global case studies and domestic research progress. From literatures, I summarized three dimensions including the characteristics of creative businesses; the governments' intervention and the place making effort from creative class that are needed attention in this research. Based on these variables I narrow down into three dimensions to structure the information for this research: the municipality's creative industry policy; specific development process in these three creative clusters; the self governance and place making efforts from the creative class. Then I divided the major stake holders into three groups, the local government, the real estate company and individual companies (though in Nanluoguxiang's case we get local residents as well). Data for the analysis come from two sources: first hand information from interview, and second

hand information from governmental reports, statistic publications and academic articles to have the basic information of the history, statistics and other geographical context.

3.4. Data collection process

For No.46 Fangjia Hutong, I took a field trip to Beijing in December 2013 and did in-depth interviews with the following figures: One manager and one staff of the real estate company, two staffs of the GSAPP StudioX Beijing; two business owners of the HONGYESHINAN coffee shop, featured with its television program and show filming; two managers of CAIHUOCHE, a culture salon featured with individual film showing activities; Principle of ELEVATION, an Architect firm; Principle of the IDEASOUND, an brand consulting firm; Staff of the YIDONGWUXIAN, an advertising design firm. Though the sample size is relatively small, I covered different type of stake holders in this cluster including the real estate management company, non-profit organizations, semi-public salon, creative firms and food and caterings businesses.

For Beijing 798 Art Zone and Nanluoguxiang, I mainly take advantage of the published literatures which systematically and maturely studied the development of these two clusters. My duration of stay in Beijing is short, so I merely visited these two places and did some observations. For these reason, I refer to these literatures with official reports and news online as the materials to assist my comparative analysis.

4. The development path of these three clusters

4.1. Story of 798 Art Zone

Absent from a planned out scheme, the development of 798 Art Zone was intensively shaped by the market power and the Sevenstars Groups' business strategy. In 2000, Sevenstars Group was founded but the business focus of it still rested in research, manufacturing and selling of electronic devices. At that time, the company rented out those idle factories at extremely low price. In Feb 2002, US citizen Robert rented a cafeteria in 798 and transformed into his own office. Some of his friends were also attracted by the large space and low rent, started to move in with their individual studios. At that time the standard rent set by Sevenstars Goup is 0.6 RMB per square meter per day, and the company also provided preferential policies to artists, such as to reduce the rent to 0.2 – 0.3 RMB per square meter per day, and let the tenants be exempted from up to 4 months' rent in one year.

However, with the influx of artists, studios and galleries, the regional function of 798 had experienced several turns. From 2002 on, 798 was transformed from an unused factory into a globally renowned contemporary art head quarter by the clustering of artists. From 2005 on, 798 developed from a pure artists cluster into a complex featuring contemporary art as leading component, exhibition, tourism and trendy consumption as supplements. Back at that time, individual exhibitions in 798 had already attracted both domestic and international attention. And domestic art capitals started to come in 798. But just three years later, the global financial crisis hit the art industry. From its impact, individuals and studios had suffered the most, but normal businesses were barely influenced at all (Liu, 2011). Galleries and art studios were shut down and replaced by large amount of trendy

clothing shops, crafts shops, touristic souvenir shops, cafes. As a result, 798 was commercialized into a tourist destination. What's worse, these new coming small vendors and restaurants were different from those previous galleries. They hardly sold any creative or boutiques but earned large amount of profit from over-priced touristic souvenirs. Lots of commodities came from wholesale market. But when they were attached with labels as culture and art in 798, they became extremely profitable. (Liu, 2011)

In the year of 2003, there were 37 artists with 18 galleries and art institutes. By the end of 2009, the artists account only for 27 but galleries and art institutes increased to 218. The rent increased from 0.6 RMB per square meters in 2002 to 1.5 – 2.4 RMB in 2005 and eventually 5 – 12 RMB in 2007. In 2012, Artist Xu Yong contended that: the core value of 798 rests on the development of contemporary art, but the contemporary art is declining inside 798. The real estate company aims to maximize the profit, but doesn't be responsible for 798's international influences and social demand. He appealed for public administration and subsidies for artists from the municipality⁶.

But what worth out notice is that, in 2006, 798 Art Zone was categorized as one of cultural industry clusters. And the district government and Sevenstars Group founded Beijing 798 Art Zone Development and Management Office. This office established exhibition, bidding and trading platforms for the artists. The office announced Beijing 798 Art Zone Management Regulation and Blueprint for Art Zone Industry Development. In these documents, the management office controlled that only artistic institutions can enter 798 and the existing artists and institutions can enjoy certain rent deduction (Xu, 2014). However, these platforms and government strategy did not manage to protect the unique characteristics in 798 Art Zone.

⁶ <http://www.careerchina.cn/baike/archiver/?tid-45917.html>

4.2. No. 46 Fangjia Hutong's story, Copying the success of 798

The cooperation of the real estate company Yisheshengzao Investment Management Company and the government began at 2009, and “because the government is pushing the development of creative industry at that time, we come about the idea of creating a creative industry park in a theme of performing arts.” (Interviewee: real estate manager) From the interview the representative of the real estate company said that how did they choose tenants at the first beginning was crucial to the success of No.46 Fangjia Hutong. And at the end of the day they did managed to attract two influential actors, the Beijing Modern Dance Company and the Juchang Modern Art Center, and constructed the initial identity of this park as a performing art creative industry cluster.

Apart from rent and management fees collection, the Yisheshengzao Investment Management Company claims that they mainly provide an information service platform for the tenants. Because the tenants in this industry park are small companies, they often face the same problem as lacking enough resources to, for instance, deal with tax issues. So the management company helps to provide companies with platform in training and information sharing. But by now, the tenants in the park have experienced two and three round of substitution. This creative industry park has several stable tenants, such as Columbia Studio-X Beijing, Elevation several featured coffee shops and cultural salon.

According to productivity, I divide tenants in No.46 Fangjia Hutong into two main categories: productive industry which contains creative firms and companies and supportive businesses which contains restaurants, coffee shops and hotels. It is interesting in this case that tourists and consumers are much more aware of the supportive businesses. Hongyeshinan (红叶拾楠), a coffee shop featured by its tranquil environment, gained its

popularity overnight when it appeared in the film “Break up Contract” in 2013. And all of a sudden it became the major attraction in the industry park. Caihuoche (猜火车), a restaurant featured with individual firms broadcasting and cultural salons, is another major attraction in the park. “People are coming to consume in this destinations and they do not care about other businesses at all” (Interviewee, Yimingtang)

To some extent, this phenomenon is partially the result of the government’s policy. Dongcheng District Government, on the first day of Beijing International Cultural Creative Industry Exposition, December 20, 2012, announced the Hutong Originality Factory Tour project in Dongcheng District. As I have introduced in previous section, No. 46 Fangjia Hutong is surrounded by a whole bunch of distinguished cultural touristic resources. The rich historic cultural heritages and well preserved Hutongs provided an excellent opportunity for Dongcheng District to develop its cultural tourism. Under this background, several industrial heritages, old factories and warehouses, were transformed into creative industry clusters like No.46 Fangjia Hutong. The plan aimed to bring together several major redevelopment sites in Dongcheng District and to promote them as alternative tourist attractions apart from those classic attractions in Beijing⁷. “People can get closer to the creative industry and taste the beauty of it via tourist sites such as Dongyong Start-up Valley, People’s Artistic Cultural Park and No.46 Fangjia Hutong.” Quoted Shufan Han, vice director of Yonghe Techonology Park Management Committee⁸.

The plan did succeed in making places like No.46 Fangjia Hutong to be the hottest tourist attractions in the city, but on the other hand stimulated the real estate prices and force out those low-profit or non-profit creative industries as mentioned before.

⁷ <http://bjyouth.y.net.com/3.1/1212/21/7698574.html>

⁸ <http://bj.people.com.cn/n/2012/1217/c82838-17872824.html>

On the other hand, the government is to some extent, restricting the development of the creative industry. Heavily censored by the local government, the Columbia Studio-X Beijing was shut down by the government for inviting someone on the government's blacklist. The cultural salon was also forbidden from broadcasting firms which are defined as politically sensitive by the municipality.

Most of the interviewees are upset about the fact that the two performing groups had been driven out of this creative cluster. "Without these two performing art spaces, the identity of this place have long gone. We care about what we are, all though the composition of businesses are quite mixed even at the first beginning, we don't want what distinguish us from other places be dislocated." (Interviewee, Elevation) Instead, the businesses just outside the industry park have flourished during last year. "Boutiques and coffee shops showed up just as 798, two years ago there is nothing in this Hutong at all." (Interviewee, Elevation)

In addition, people tend to overlook some less-visible situations: except from the two performing art groups, some less-profit or non-profit tenants were also be gentrified in the past two years. When I compare the tenant lists in No.46 Fangjia Hutong between spring 2014 and summer 2013, I am surprised to see that the Beijing Historic Preservation Center was displaced, the Iron Toy Design Shop was also displaced⁹.

But confronted with this situation, some of the interviewees think the government or the real estate company should regulate the businesses to protect the feature of this industry park. But the real estate company thinks the government or they should not do anything but follow the trend of the market. The market will always make the right choice.

⁹ Tenant lists can be found outside each building in No.46 Fangjia Hutong. I took pictures on the date of Jan 14, 2014 and ...2013

However, the interviewees from the real estate company could not give a specific identification to No.46 Fangjia Hutong but revealed that one of the companies which replaced the two theaters is an e-commerce company. They claim that this upgrading is good to the economic performance of the creative cluster. After all, real estate companies are profit seeker but not conservationist. But the interviewee also contended that the company had succeeded in balancing the social performance and economic performance of this creative industry park. And during the process, they managed to maximize these two performances in the end.

4.3. Nanluoguxiang's Development Strategy

Before 2006, some tertiary industries had already pioneered into Nanluoguxiang, however, the business forms were preliminary, the economic scale was small, linkage between businesses was weak and it couldn't constitute efficient competency in the market. In terms of the built environment, lots of historic buildings were confronted with severe damaged or in low condition without sufficient investment and renovation. The traditional landscape of Nanluoguxiang was also messy and not attractive at all. Along with the influx of businesses and patrons, it also raised new challenge to deal with transportation and fire issues in narrow Hutongs.

The protection and development of Nanluoguxiang drew the attention of the Dongcheng District Government. In 2006, Nanluoguxiang Protect and Development Plan and Jiadaokou Community Development Plan were published, which set the benchmark of a new era of urban renovation for this neighborhood. Upon these documents, the local government put forward several complimentary plans in the following years: Nanluoguxiang Landscape Optimization and Remediation Engineering Design,

Nanluoguxiang Brightening Strategy, Nanluoguxiang Green and Beauty Engineering Design. But most importantly, from 2006, the Jiaodaokou Government Office won RMB 370 million designated grants from the municipality into ten major projects promote and protect the existing infrastructure.

Chart 1 : Ten Projects Supported by Beijing Municipality’s Designated Grants from 2006

Environmental Remediation and Civil Infrastructure Renovation	50 million
“Micro-Circulation” Courtyard Renovation	50 million
Water and Electricity Meter for Each Household	20 million
Coal to Electricity Project	16 million
Characterized Commercial Street Ancillary Facility Project	7 million
Rain and Polluted Pipelines and Road Surface Renovation	10 million
Landscape Optimization and Remediation	6 million
Overhead Lines change to Underground Lines Project	50 million
Optimization of Business Formats	25 million
Fire Alarm and Sprinkler System and Picture Capturing System	2 million
Source: remade from Lu, 2012	

As a result, the upgraded infrastructure and its charm as a neighborhood with traditional characteristics have caught the attention from the market. This governmental investment behavior turned out to be the leverage to attract investment from the market.

Scholars have argued that cultural creative industry has the advantage of reactivating the old city neighborhoods by combining the consumption function and productive function into the same space. The Jiaodaokou Government (refers to the Dongcheng District

Government’s resident agency at the Jiaodaokou neighborhood level) realized this and they also thought this should be the wise choice for historic neighborhoods. According to Nanluoguxiang Protection and Development Plan, the Jiaodaokou Government chose Cultural Creative Industry, Cultural Touristic Industry and Modern Business Service Industry as leading industries for Nanluoguxiang. In 2007, Nanluoguxiang Construction Management Office was established under the supervision of the Jiaodaokou Government. From the above mentioned 25 million designated grants, the office managed to provide subsidies up to 20 thousand RMB to each of the selected businesses. By this means, the government is manipulating the business composition in this cluster. As a result of this policy, the total amount of businesses increased from 76 to 172, and the percentage of creative industry had also increased from 60.5% to 92.9% (Lu, 2012)¹⁰.

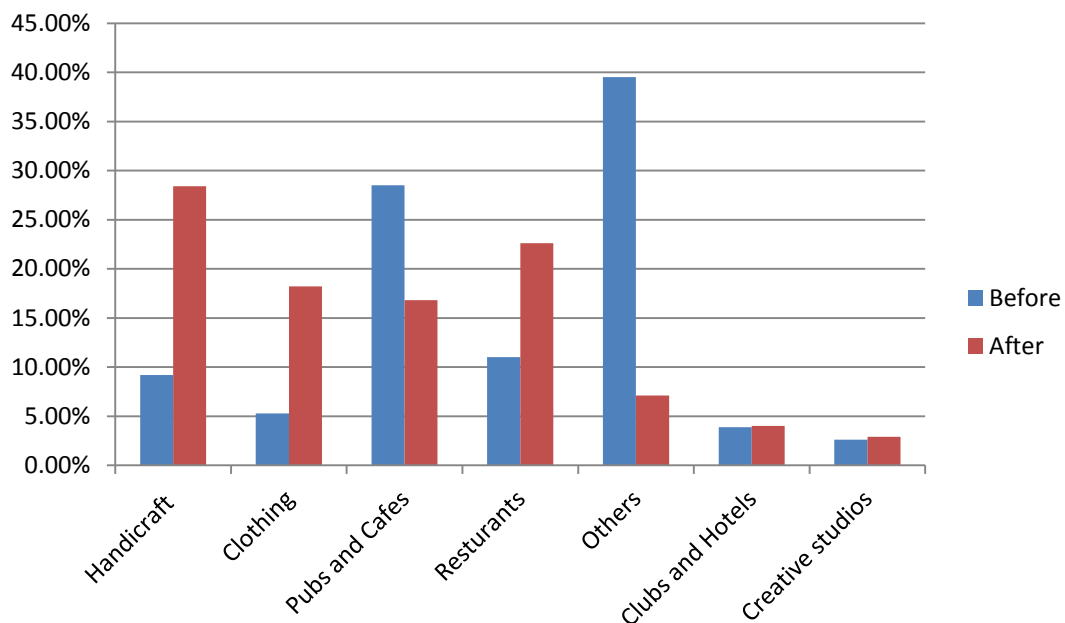


Figure 18: A comparison of business structures before and after optimization of business formats

¹⁰ However, the author from this citation does not give a detailed description of what specific industries were within this envelop.

5. Response from the creative class

5.1. The fast transition of the artists' role in 798 Art Zone

The success of 798 Art Zone is legendary in China's contemporary art history. From 2003 to 2006, that was the golden age of 798 Art Zone. During the SARS period, artists first time got together under the banner of Blue Sky Without Defense, artists Yong Xu, Rui Huang etc initiated Reconstruct 798 movement, and they all opened up their studios to the public. Dashanzi Art Fair and all sorts of pioneer art exhibitions were held frequently between 2004 and 2006. The image of chimney, rooftop and locomotive in 798, appearing in enormous front page of magazines, had finally become the icon of creative industry cluster in China.

In keeping with the area's "community spirit", most galleries and spaces in 798 do not charge either exhibitors or visitors. Instead, they generally sustain themselves by hosting profitable fashion shows and corporate events; among others, Sony had a product launch gala at 798 space, and watchmaker Omega presented a fashion show at Yan Club. Others include Christian Dior, Royal Dutch Shell and Toyota; supermodel Cindy Crawford also made an appearance.

But when 798 kept commercialized, artists could not afford the increasing rent, leading to conflicts between artists and the real estate company, or the management office. On Mar 5, 2009, artist Guang Hao's 799 Artistic Space was shut down by the management office. Guang Hao content that there was no solution to the problem, and then he used behavior art to protest the management office: he moved in a tent instead. On Oct 31, 2012, Yong Xu's 798 Space was shot down by the management office for the reason of rent overdue. And

Yong Xu requested legal arbitration to solve the conflict. No matter what are the consequences of these conflicts, the gentrification occurred in the end.

The management office's platforms did success promoting business but fail to control the rent and protect the identity of 798. The real estate developers capitalized the creativeness of artists; the government utilized it as a strategy to renovate its urban built environment and fill in new urban functions. The city managers use the concept of creative industry to enter the competition among global creative cities. But the artists were left alone.

5.2. The marginalization of creative class in No. 46 Fangjia Hutong

For No. 46 Fangjia Hutong, from the interview, I found that the government does not following up the needs of small and start-up enterprises. It shows that a more mature public service platform is badly needed for some of the productive businesses. "The government just wants to bring our company as part of the statistics of the Yonghe Technology Park because it is the main driving force in the Dongcheng District. And because most of us are small companies, we cannot meet the criteria set by the government to get tax-deduction or other policies. But the local government just wants to add up the economic index from those so-called creative industries to meet the requirement from upper tier of government; they do not know what we need. And the No.46 Fangjia Hutong doesn't act like other mature industry parks in Beijing to such as Zhongguancun Technology Park to provide start-up incubators and expand financing channels for the companies." (Interviewee, Yimingtang)

According to creative clustering theory, companies choose to co-locate in certain site are supposed to generate positive externalities from informal contacts, reduce cost of certain economic activities by increasing economic scale, increase the market influence of the site

by collective efforts. In No.46 Fangjia Hutong's case, tenants are not familiar with each others, linkage among tenants are weak. "Simply relying on personal relationship is far from enough, this creative industry park did nothing helpful at all." (Interviewee, YIDONGWUXIAN)

5.3. An active grassroots self-governance power in Nanluoguxiang

Nanluoguxiang Commercial Association plays an important role in the bottom-up process. This association, established in 2005, was composed by business owners in this neighborhood including pubs, coffee shops, tea bars, hotels, clothing, handicrafts, theaters and so on. It represents the self governing efforts from the economic players in this cluster. During the environmental remediation period, in the daily operation and maintenance, the association organized over 100 business owners to policy and regulation training sections, and even formed a self-supervision department in regulating the businesses in this cluster. The association had host a range of activities such as Nanluoguxiang Hutong Cultural Festival, Creative Fair, Cultural Exposition. It also actively participated in the publishing of A History of Nanluoguxiang, Nanluoguxiang Tourism Service Handbook, promoting the overall popularity and economic performance of the cluster.

Different from the other two clusters, Nanluoguxiang is developed from a previous residential neighborhood. A grassroots' NGO named Community Involvement Initiative hosted a series of Community Tea Meetings from 2009. This meeting was designed to create a platform dealing with conflicts between residents and business owners. In the same year, from the collaboration of Open Space and Community Tee Meetings, Nanluoguxiang Community Art Crafts Workshop was also established to provide space to sell the handicrafts made by local residents in this neighborhood.

6. Discussion and Conclusion

6.1. What kind of platform works

Government and real estate company co-operate in 798 Art Zone to form a management office and help to establish platforms where artists can exhibit, promote and sale their commodities. But the rent-control policy did not work out at the end of the day. Government's policy is not so relevant in No.46 Fangjia Hutong's case and some tenants are calling for further regulation, but some others are hoping the government can step away from their development. However, in Nanluoguxiang's case, given the input into infrastructure, the government also helped to get the residents and tenants involved in commerce association and NGOs (although it sounds a little weird in a western context). And it actually work out for Nanluoguxiang in balancing the interests from different stake holders and optimized the business formats in this cluster. The creative class is important player but their role is weak compared with government or real estate company. So the key issue is whether the government can get the creative class be involved in the decision making process, no matter what the content is.

6.2. Does government's classification matter

The municipal had classified 798 Art Zone as one of Beijing Cultural Creative Industry Clusters in 2006. And actually this designation was supposed to regulate the development standard of creative clusters. But from above introduction, we know that the development of 798 Art Zone has gone far from the government can predicted in the year of 2006. But 798's identity as the head quarter of contemporary art in China was constructed by the artists and their creative activities. When most of them were driven out of 798 and 798 became a touristic spot, the government still call it as creative cluster without actual

creativity. And when we see the initial design of No.46, it earned its fame by several big players including the Beijing Modern Dancing Company, two Theatres, GSAPP Studio-X Beijing, and CAIHUOCHE, individual film broadcasting salon. It was then classified by the municipality as No.46 Fangjia Hutong Cultural Creative Industry Park in year 2008. But as the situation in 798 Art zone, the creative industry park's identity was constructed by the creative class but not by the government. So does this governmental behavior in classifying creative industry clusters really matters here? My answer is, it doesn't matter at the first place but it shows the government's will in guiding the development and holding the standard of this kind of development.

6.3. Policy Recommendations

Gentrification is almost inevitable in two of my three cases. But let alone whether commercialization is good or bad, the problem revealed here is the missing of public platform where voices from major stockholders can be heard. Creative class has been marginalized in decision making process in recent developments in 798 Art Zone and No. 46 Fangjia Hutong. The creative class had cultivated a competitive environment through their network construction and place making efforts in the first place. When the clusters became mature and gained its fame and popularity, however, fruit was harvest by the real estate developer.

Questions are controversial in terms of whether government should intervene and in what way it could intervene into the development process of creative clusters. But from research finding, major response from creative class can be summarized as below: 1) government should tailor its policy especially for small and median enterprises; 2) government should behave as a coordinator and leave economic activities to the market, but on the other hand

balance to the social benefit and economic benefit of creative clusters. Whether government should intervene into economic activities is still debatable, but several improvements were deemed crucial from research findings.

First, the government should act the role as a public coordinator to balance the interest of the real estate developers, creative class and local residents. The successful experience from Nanluoguxiang should be extracted into other cases. The government should help to arrange platforms where different stakeholders can have the chance to express themselves, to share and to create the identity of creative clusters through joint efforts. After all, identity and vision of each distinguished creative clusters should be defined by the active players but not by the government.

Second, government should endeavor to cultivate a tolerant and open environment for the creative class. In today's context, it would also be politically sensitive for pioneer artistic experiments in China, especially in the capital where stability is always the rule of thumb in public affairs. The government should be more flexible towards the format, content of artistic innovations.

The government should further tailor its industry policy to the actual needs of small and median enterprises, from the research finding, we see the development of policy could not catch up with the step of fast growing creative industry. And given the fact the nature of creative industries is different from the traditional industries, if the government wants to intervene, it should always take into account the specialty of creative industry and always listen to the needs of these businesses.

Apart from the software programming, the government should promote the built environment. Based on different need of different cluster, local government should

encourage schematic planning strategies and the municipal government should designate grants to support the environmental remediation and urban utility renovations.

6.4. Research limitation and future research suggestion

From a theoretical base, I still cannot answer whether the government should govern, or to what extent it should govern the development of creative industry. Although my case studies show that government intervention is needed for preserving the formal established identity of the creative clusters. How much subsidy is creditable for the government? And whether the government can preserve and even promote its creativeness from this policy? If the government had provided subsidies to the gentrified dancing company in No.46 Fangjia Hutong and the artists in 798, no one can surely answer whether they can still prosper countering the power of market down turn.

From a research methodology base, this thesis only covers three creative clusters in Beijing. According to the definition of creative industry in Beijing City, these three cases mainly contain cultural arts, arts markets, design services, tourism, leisure and entertaining services. Given different characteristics among different industries such as scale, labor process, profitability and so on, they have different demand on location, different resiliency to rents and different appealing from the government. Further research should consider other industry cluster types such as software, internet and computer services clustering in Zhongguan Village.

Due to data availability, I did not manage to get enough detailed data to measure the economic performance of each site (the official data report only reveals the statistics on at the municipality level). Further research should follow up the economic statistics to have a better understanding of the trend of development in each site. As transitions are still

undergoing, it will be very interesting to see what is happening next, and what further strategy the government will take to tackle those issues.

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8. Appendix

Figure and Sources

Figure 2: Google Map

Figure 3:

<http://www.chinadaily.com.cn/beijing/img/attachement/jpg/site1/20130114/002564baf2bf125dfb1f02.jpg>

Figure 4: <http://herschelian.files.wordpress.com/2010/09/798-bauhaus.jpg>

Figure 5:

<http://commons.wikimedia.org/wiki/File:798%E6%9F%90%E7%BB%98%E7%94%BB%E5%B1%95%E5%8E%85.jpg>

Figure 6:

http://www.chinatourguide.com/china_photos/beijing/Attractions/beijing_798_factory.jpg

Figure 7: Google Earth

Figure 8-12: taken by author

Figure 13: Google Map

Figure 14: <http://news.sina.com.cn/sjlmay/468/2008/0815/3205.shtml>

Figure 15: taken by author

Second hand information and data collection	
Content	Source
Cultural creative industry development policy documents	Municipal government website
Economic statistics of businesses in No. 46 Fangjia Hutong	Cultural Creative Industry Development Office of East City / Beijing Fengbaoheng Investment Company
Economic statistics of businesses in 798 Art Zone	Published literatures
Development and management mode of 798 Art Zone	Published literatures
First hand information and data	
Content	Source
Formation and governance mechanism	
1. the process and mechanism of the formation of the creative cluster	Cultural Creative Industry Development Office of East City / Beijing Fengbaoheng Investment Company
2. public spaces designed to facilitate informal communications	Investment Company
3. social events/activities programmed to facilitate formal/informal communications	Individual business owners

Individual company information	
4. what's the main driving force for individual companies to come	Individual business owners
5. why is the location matter under the inner city context	
6. what's the business nature and work-life style of different company	
Industry Network and Agglomeration	
7. whether and how do the companies communicate and produce synergies among the creative agglomeration	Individual business owners
8. whether and how do the companies utilize resources and build up business network outside the creative agglomeration	

Initial Interview questions for government:

1. What kind of benefit / Incentives you provide for creative businesses?
2. Do you control and how you control the business structure in No. 46 Fangjia Hutong?
3. What's the relationship between you and the real estate development company?

Initial Interview questions for the real estate management company:

1. Why did you choose to developer this site?
2. What's the relationship between you and the government in the development process, eg who provide the infrastructure?
3. What's the government's main policy or regulation towards the industry park?
4. What kind of services do you provide for the creative class?
5. What's the creative class' demand for this space?

Initial Interview questions for individual business owners:

1. Can you describe briefly what kinds' product you provide?
2. What's your work/life pattern in this park?
3. What are your major targeted customers?
4. What's your main driving force to come here?
5. How does the location matter in your decision.
6. What's your relationship between different business owners in this park?
7. What's kind of social activity will you organize or participate in this park?
8. Do you think this environment is helpful in facilitating creativity and productivity?
9. Except from the creative park, how do you fully utilize other cultural resources and expand your networks in the city?