# CHINA'S LOCAL ENTREPRENEURIAL STATE AND NEW URBAN SPACES

DOWNTOWN REDEVELOPMENT IN NINGBO

**ZHANG HAN** 



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### Han Zhang

# China's Local Entrepreneurial State and New Urban Spaces

Downtown Redevelopment in Ningbo



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This book is the culmination of my years of research as an urbanist. I intentionally use the term "urbanist" instead of any other term, with reference to particular disciplines in social sciences such as urban sociologist or urban geographer, to highlight my approach of inter-disciplinary research. Though this specific research project was started in 2007, my academic interest in urban studies was nurtured back in 2003, when I was still an undergraduate student. Thus I also see this book as the fruit of the entire academic journey to the present.

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### Introduction

### 1 A GLIMPSE OF TODAY'S *LAOWAITAN* IN NINGBO

There are three rivers passing through the city of Ningbo: the Yuyao River (Yuyao jiang), the Fenghua River (Fenghua jiang), and the Yong River (Yong jiang). The place where the three rivers converge is called the Sanjiangkou (the confluence of three rivers). The traditional downtown of Ningbo is located on the south bank of the Sanjiangkou, where the Ningbo Prefecture (Ningbo fu) used to exist before the Republican era, while the north bank used to be called the Jiangbei'an, which literally translates to "the north bank."

On the north bank, on the waterfront along the Yong River is a place with a rather romantic name: *Laowaitan* or "the old bund." This forms a narrow south-north corridor between the Yong River and People's Road (*renmin lu*) and stretches from the New Bridge (*xin jiang qiao*) to the Ningbo Museum of Art (*Ningbo meishuguan*) for approximately a kilometer; in width it is often as narrow as 60 meters.

Getting to *Laowaitan* is not difficult. If you cross the New Bridge from the south bank of the *Sanjiangkou*, you will first see a spectacular Catholic cathedral in Gothic style. Around the cathedral stand a few restaurants. The history of all these buildings dates back to modern times. If you continue walking north of the cathedral, after passing through the bridge approach of the Yong River Bridge (*Yong jiang daqiao*) from underneath, you will see several commercial blocks in trendy designs and a fashionable

or even petty-bourgeois (xiaozi) atmosphere. Here, on an arch heading south lies the entrance to the Laowaitan.

Middle Road (zhong malu) is a street for pedestrians inside the Laowaitan, and on either side of it are stylish pubs and restaurants serving cuisines from different parts of the world: Z-Rocks Pub (tianxi jiuba) which is famous for its rock music, Z-Asian Kitchen (Waitan 48 hao) offering local Ningbo cuisine, the Shamrock Irish Pub (sanyecao Aierlan jiuba) serving Irish and British food and drink, the Banana Leaf Curry House (jiaoye gali wu) offering South Asian and Southeast Asian cuisine, to name a few. One block to the east of Middle Road lies Outer Road (wai malu), which stretches out along the bank of the Yong River. The pubs on this road put out chairs and tables along the riverside platform, where you can enjoy the breeze blowing in from the Yong River while sipping a glass of beer.

The *Laowaitan* is usually very quiet, with few visitors in the daytime on weekdays. Visitors appear from time to time and look around, taking pictures of the beautiful architecture. Newlyweds accompanied by wedding photographers can also be found here, using the *Laowaitan* as a backdrop for photographs.

The best time to visit the *Laowaitan* is dusk, especially on Saturdays; it is famous throughout Ningbo for its nightlife. After 6:00 pm, the *Laowaitan* begins to wake up, Middle Road and Outer Road start to bustle, the number of pedestrians and cars increases, restaurants begin to usher in customers, and pubs open their doors for business until midnight. Some visitors may be newcomers, looking around curiously, unsure which restaurant or pub to go to. Others are obviously regulars, as they chat with the owners of pubs with a glass of beer in hand. Foreigners are also part of the crowd: South Indians like to go to the Banana Leaf Curry House, while Caucasians enjoy the Italian cuisine at Da Bossi Restaurant (*Yidali zizai canting*). On the Yong River bank, some people enjoy beer along the waterfront, while others just stroll on the platform or lean against its handrail, enjoying the breeze and the view of both sides of the Yong River.

On Saturday evenings, from 7:00 to 8:30 pm, there are live performances at the *Laowaitan*, normally in the park in front of the cathedral. This is part of a promotional campaign called "On Saturday, let's meet at the *Laowaitan*" (*xingqi liu*, *xiangyue Laowaitan*). The performances are open to everyone and a lot of people come to have a look, including many passersby traveling via the New Bridge.

After 10:00 pm, when most restaurants begin to close, the pubs hit peak hours; Z-Rocks Pub and the Shamrock Irish Pub are usually full of customers from different parts of the world, who enjoy beer, live soccer telecast, billiards, and perhaps performances by Filipino artists. Peak hours continue

until around 2:00 am. After that, people who choose to linger can go to Le Cargo Bar (le ka ba), two blocks north of the Shamrock and famous for being open all night. People can dance and drink there until dawn.

Further north is the Ningbo City Exhibition Hall (Ningbo chengshi zhanlanguan) built in Soviet style. The urban history of Ningbo is displayed here, as well as the latest urban planning schemes. The Leisure Boating Club (laiyue youting julebu), a boating club from Australia, also has an office inside the Ningbo City Exhibition Hall; it has its dock on the Yong River. Next to the Ningbo City Exhibition Hall stand two upscale apartment buildings, City Apartment (chengshi gongyu) to the west and No. 5 Mansion (5 hao gongguan) to the south.

Further north of the Ningbo City Exhibition Hall is the Ningbo Museum of Art, which used to be the Ningbo Ferry Terminal (Ningbo gang keyunzhan). A variety of artwork—paintings, calligraphy, ceramics, photography, and sculpture—are on show here. Zhenbaofang, a floating restaurant established on a retired ferry boat, is linked to the Yong River bank via several pontoons along the waterfront owned by the Ningbo Museum of Art (Fig. 1.1).



Fig. 1.1 Night view of Middle Road in the Laowaitan (photographed by the author in August 2010)

# 2 THE LOCAL ENTREPRENEURIAL STATE AND URBAN REDEVELOPMENT IN CHINA

### 2.1 Research Questions

Laowaitan is a recent development. An ambitious urban redevelopment project was launched in 2002, which has revolutionarily transformed this once-dilapidated historic district into a consumption- and culture-oriented scenic spot. Urban redevelopment has been widely implemented in China at eye-catching speed and scale, making Chinese cities a major arena in the world for urban transformation and urban studies. From the spatial perspective, an important consequence of substantial urban redevelopment is the proliferation of a variety of new urban spaces in Chinese cities. These spaces can be categorized into three major types: (a) new industrial spaces (such as creative industry parks), (b) new consumption spaces (such as shopping malls and pedestrian business streets), and (c) new residential spaces (such as gated communities). Seen from an institutional perspective, these new urban spaces are an articulation of China's profound socioeconomic transformation. They have significantly changed the landscape of previously socialist Chinese cities and have also been significantly conditioning China's further urban transformation. The Laowaitan project in Ningbo is exactly this kind of urban redevelopment project that has fundamentally changed land use patterns, forms of the built environment, and the people who use the space in this area.

The particular case I will probe in this book is Ningbo's downtown redevelopment undertaken by the Ningbo Urban Construction Investment Holding Co., Ltd. (*Ningbo chengjian touzi konggu youxian gongsi*, NBUCI), a local state-owned enterprise specifically committed to strategic urban development projects designated by the Ningbo Municipal Government. Two representative projects, the Tianyi Square (*tianyi guangchang*) redevelopment project and the *Laowaitan* redevelopment project, will be investigated in detail. The time span of this book is over the 12 years of 2000–2011, from the time the Tianyi Square project was launched to the time the *Laowaitan* was designated China's "National 4A Tourist Area" (*guojia 4A ji lüyou fengjingqu*).

While more chapters are devoted to the study of the *Laowaitan* project, it should be noted that the NBUCI was originally established for the Tianyi Square project. The very nature of the redevelopment regime of the *Laowaitan*, especially in terms of its land acquisition and financing

methods, was first experimented in the Tianyi Square project. The Tianyi Square project had satisfactory socioeconomic outcomes, which then gave the Ningbo authority and the NBUCI the confidence and experience to undertake the more challenging and complicated project of the *Laowaitan*.

In the Ningbo case, the local state and local business owners establish local urban redevelopment and governance regimes according to the requirements of their locality. This provides an opportunity to probe the diversity of place-specific urban redevelopment and governance regimes and the players involved, the specific ways in which the local state has been transforming and adapting to the changing local and translocal circumstances, and the complex interplay between the local state and the local private sector. In particular, the highly salient entrepreneurial nature of the local state is the key factor setting all those urban transformations in motion.

It has been repeatedly reaffirmed that urban redevelopment and urban governance in China are determined or conditioned by a variety of factors, such as different levels of state power and corresponding policies, and regional variations like geographical location, resource endowment, local culture, and talent structure. For social scientists, the interesting topics for discussion are the social, economic, and political processes and the organizations that make those urban redevelopment projects come into being, and facilitate, regulate, and manage the complex transformations that are derived from those projects. At the same time, undoubtedly, since urban redevelopment projects normally affect various groups of people and various forms of urban spaces, there must be disagreements, conflicts, struggles, and negotiations among them as integral parts of urban redevelopment. It is therefore important to also study the long-term governance mechanisms of those new urban spaces produced by those urban redevelopment projects.

It is quite apparent that the Chinese state at the central as well as at various local levels plays the leading role in steering China's transformation. In the context of significant fiscal and administrative decentralization, it is particularly meaningful to look into local state behaviors, as can be observed in urban governance. At the same time, the resources, powers, and processes outside the immediate scope of the state, and their relations with the state, namely, state-society relations, may help better understand the nature of the Chinese state from a relational perspective. In addition, the high level of local variations of the mode of state-society interactions may provide a variety of angles to look into the Chinese state in transformation.

As stated by Li,¹ given the vastness of China's continental size, ordinary Chinese people obtain their firsthand experiences of the Chinese state primarily by interacting with the local state, and the Chinese state is (re)created through policy practices primarily at various local levels. There are different incentives for different levels of government to perform their duties, which makes disaggregating the state into its component segments and levels a desirable research approach.² As stated by Wu,³ therefore, the understanding of China's urban governance is largely "contextualized knowledge" contingent upon local particularities and historical circumstances. The search for contextualized knowledge of China's state transformation also entails engaged field research and in-depth case study.

In this case study of Ningbo's downtown redevelopment over the period of 2000–2011, two specific issues are to be addressed: (a) the entrepreneurial nature of China's urban local state in urban redevelopment and urban governance, as demonstrated in both the use of local state enterprises of land and property development to launch strategic redevelopment projects, and the high-profile involvement of local state agencies in the promotion of such projects in highly entrepreneurial manners; (b) the extension and creation of corporatist-style organizations for interest intermediation and policy concertation between the local state and local business owners in new urban spaces under the sponsorship of the local state, in the hope of improving urban governance by reconciling state-business relations and coordinating their efforts in local governance initiatives.

While local state-led urban redevelopment and governance in Ningbo is the specific topic for field research, this book regards China's urban transformation, as will be shown in the Ningbo case, as a rich terrain upon which broader theoretical concerns will be examined. The broadest theoretical concerns of this book are in China's urban redevelopment and the production and governance of new urban spaces: (a) how the mode of urban governance in China has been restructuring, and (b) how China's local state-society relations have been evolving.

### 2.2 Theoretical Overview

The theoretical formulation in this book is mainly based on the entrepreneurial state theory and the corporatist theory. The entrepreneurial state theory refers to the ability of the state to innovate, to experiment, to try to shoulder risks, including but not limited to operating state enterprises, in order to upgrade economic competitiveness of the nation. Since this

research deals with urban redevelopment and urban governance, I particularly focus on the local entrepreneurial state in urban China. The corporatist theory refers to a pattern of state-society relations characterized by state imposition for interest articulation and policy-making. Special attention is paid to the corporatist arrangements with which China's local entrepreneurial state engages the private sector for collaborative urban governance.

Duvall and Freeman conducted pioneering studies of the entrepreneurial state. They argued that the rationale of state entrepreneurship is derived from the inadequacies of the private sector. State enterprises are operated in accordance with, rather than against, capitalist laws of economics and are evaluated by lucrative criterion. Nonetheless, state enterprises can also tolerate inefficiency or unsatisfactory profits in exchange for broader social benefits.4 In addition, Rueschemeyer and Evans pointed out that state enterprises, no matter how market-oriented they might seem, always embody and implement strategic intervention for the state.<sup>5</sup> It can be summarized that the entrepreneurial state is basically one that is able to strategically implement state intervention by means of state enterprises in certain sectors in order to temporarily substitute the weak and incompetent private sector and upgrade economic structure and competitiveness. State enterprises have to conform to the market economy to survive and simultaneously perform state regulation and stimulation of the economy.

As a former state socialist country, China has an established history of state enterprise operations. During the market reform, whether the state is entrepreneurial is still highly contingent on the ways and the environment in which state enterprises are operated. Since the reform, the Chinese state has been directly involved in productive and profitable undertakings under market conditions. It is naïve to assume that China's state enterprises have been able to survive till today only because the state always distorts the market so as to guarantee the unconditional survival of state enterprises. There must be something like state entrepreneurship in the midst of China's market reform. And state entrepreneurship is in turn the product of state policy, directly or indirectly, which serves the ends that are usually far beyond making a profit.

In the case of downtown redevelopment of Ningbo, it will be found that the NBUCI, a local state enterprise committed to strategic urban construction projects, plays the role of temporarily substituting a weak and incompetent private sector in the domain of urban redevelopment and performing the functions of local state regulation and stimulation of industrial upgrading and urban spatial restructuring in accordance with the law of market economy.

There have been a number of sociologists, political scientists, and urban geographers conducting research on China's local entrepreneurial state and urban development. Many of them attributed China's local state entrepreneurship to the history of China's command economy,6 and some even argued that it is only a transitional phenomenon and will be ultimately replaced by burgeoning private entrepreneurship.7 I contend that this prediction of the eventual demise of China's state entrepreneurship might seem arbitrary and simplistic. On the one hand, the Chinese party-state never really loosens its grip over strategic resources and powers in the national economy, as can be found in China's still spectacular state-sector economy;8 on the other hand, in the specific domain of urban affairs, urban planning and development largely belongs to public policy, in which the state may never fully refrain from direct participation. As urban development corporations (UDCs) in the USA and the UK show, local state entrepreneurship, often in the form of local state enterprises or similar quasi-public agencies, is still very active in undertaking strategic urban redevelopment projects and managing other urban affairs in the most advanced capitalist economies. There is no reason to hastily predict the demise of a parallel phenomenon in China, where the local state is more deeply involved in the local economy and there are much more opportunities for urban redevelopment due to China's rapid socioeconomic transformation.

A large part of the existing literature focuses on the direct involvement of China's local state in business activities. The image of China's local entrepreneurial state is often depicted as a profit-making machine driven by its incentive of generating revenues for specific local state agencies and even individual cadres.<sup>9</sup> I argue that this depiction is partial and inaccurate. As correctly observed by Duckett, individual government departments at various local levels ran their enterprises (*jingji shiti*) in the 1980s and early 1990s, and performed the functions of generating revenues for local state administration and streamlining state bureaucracy by transferring some officials to state enterprises.<sup>10</sup> Such direct involvement in business was actually prevalent among most of the local public authorities during that period, including not only government departments but also party and mass organizations (*dangqun zuzhi*) and even the military and security forces.

But this problem has been rectified since 1993, when China's central state gradually banned such direct involvement in business by dispersed agencies of local authorities. Local state enterprises had to cut off

their direct organizational and financial connections with their sponsoring agencies of local authorities.<sup>11</sup> Since 2003, Assets Supervision and Administration Commissions (quoyou zichan jiandu quanli weiyuanhui), all state-owned, have been established at the central and various local levels, which perform the duties of managing state enterprises in a unitary and coherent way. This institutional change signals China's new mode of entrepreneurial state, and as a result, local state enterprises are largely no longer cash cows for specific local state agencies or even individual cadres. Local state enterprises undoubtedly serve the local state by performing political functions, mainly strategic state intervention in the local economy, which deserves more research in the Chinese context. Meanwhile, as Rueschemeyer and Evans point out, in order to keep state enterprises in survival mode and generate revenue in the market, the state has to control its inefficiency and corruption.<sup>12</sup> More in-depth research should be done to understand how China's local state enterprises survive in the market and perform the functions of local state intervention at the same time.

The narrow focus of the existing literature on the direct involvement of China's local state in business activities caused another problem: the multifaceted entrepreneurial involvement of China's local state in local governance is just partially examined. For instance, China's city governments often organize city marketing campaigns to compete with other cities, in which direct participation of local state enterprises may or may not be a factor. How to understand such cases in which the local state is explicitly entrepreneurial in urban governance yet there is no direct participation of local state enterprises? For a study of China's local entrepreneurial state and urban redevelopment, it is helpful to refer to the theory of the entrepreneurial city as well, which may help remedy the defects in the local entrepreneurial state literature.

David Harvey subtly observed the transformation of capitalist accumulation and urban governance in the 1980s, which he generalized as "the shift from managerialism to entrepreneurialism." According to Harvey, urban entrepreneurialism has three major implications: public-private partnership, speculation in execution and design, and focus on "the political economy of place rather than of territory." 13 Jessop and Sum further clarified its implications based on a Schumpeterian analysis of entrepreneurship with three criteria: innovative strategies intended toward economic competitiveness, explicit formulation and entrepreneurial implementation of those strategies, and entrepreneurial discourse, narrative, and marketing for the city. As "innovation" is a core concept for an entrepreneurial city, they identified some major economic innovations in urban forms and functions: new urban spaces for production, consumption, and living; creation of location-specific advantage for urban activities, new markets, and new supplying methods; and reconfiguration of urban hierarchy.<sup>14</sup>

The utility of the entrepreneurial city theory has been widely tested by urban geographers in their studies of China's urban development. Their most debated topics were various forms of government-business coalitions and partnerships, and intergovernmental relations, mainly districtmunicipality relations.<sup>15</sup> Yet I contend that a major problem with this research approach is that the "city" itself is not an explanatory concept or "independent variable" because cities have to be governed by certain political and economic institutions, like the state and market. These institutions vary from one country to another significantly and, to a large extent, determine the different modes and consequences of urban governance. When transplanting a theory originating from post-Fordist North America and Western Europe to industrializing and urbanizing China, the risk of misusing the theory due to institutional differences is especially high. While civic boosterism is a rooted tradition in American cities, civic participation in China's city marketing is still limited and largely depends on the local state's mobilization of citizens. Therefore, I regard urban geographers' research from the entrepreneurial city perspective as a unique strand of the broader discussions of China's local entrepreneurial state. On the other hand, however, this perspective does shed light on the other side of China's local entrepreneurial state in relation to city marketing, thus broadening the traditionally narrow scope of the local entrepreneurial state perspective.

In sum, I seek to explore both sides of China's local entrepreneurial state. On the one hand, the local entrepreneurial state in China runs a considerable number of strategic local state enterprises, which enable it to realize its political goals of industrial upgrading and spatial restructuring in Chinese cities. On the other hand, the local entrepreneurial state is not limited to running local state enterprises. It innovates on city marketing strategies by, among others, organizing high-profile promotional campaigns, developing entrepreneurial discourse and narrative, and engaging the private sector for collaborative urban governance.

In addition, given China's party-state polity and a still emerging civil society, the corporatist theory may help interpret local state-business relation in urban governance. Philippe Schmitter held that corporatism maintains a sustained state commitment to fostering organized interest

representation and establishing interdependence and cooperation between the state and society. 16 Schmitter gave his authoritative definition of corporatism as such: "a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports."17

There has been a considerable amount of research utilizing the corporatist theory to analyze China's state-society relations. The observable realities of China's state-society relations, which are characterized by a strong and dominant state and the licensing and sponsorship of civic organizations by the state, are highly akin to corporatism, especially China's authoritarian version of state corporatism. State-business relations are a salient topic in the corporatism literature. Some scholars adopted the corporatist theory to reveal that since private entrepreneurs are of considerable importance to local economy, the local state usually takes quite a flexible and accommodating stance on business associations, and this has led to a symbiotic relationship between the local state and local business associations. 18 In contrast, other scholars questioned the applicability of corporatism in the Chinese context by arguing that business associations are insignificant as vehicles for mutual communication between the local state and private entrepreneurs, and business associations lack real coherence and identity.19

I argue that China's growing civic sphere is, in the first place, the outcome of a conscious loosening of state control over society, in which the preexisting state socialist institution of mass organizations, akin to state corporatism, has played an important role. Yet, the Chinese party-state has never consciously implemented corporatism as a national political project, and ostensibly corporatist organizations deviate from the corporatist theory in many aspects, such as insufficient concentration of power within their constituencies and limited functions for interest representation, and intermediation. Despite all these problems, however, it will be found that, in order to engage the private sector for collaborative urban governance, the local entrepreneurial state resorts to state-sponsored business associations to conduct interest intermediation with the private sector. Thus, corporatism helps interpret the local entrepreneurial state's interaction with the private sector in relation to urban governance.

### 3 Research Design and Methodology

The research approach I adopted for this book may be summarized as follows.

First, instead of conducting a large-scale comparative study of a number of cities, a particular city was chosen for an in-depth case study so as to guarantee sufficient time for fieldwork to gather detailed and contextualized knowledge of urban transformation. So the next question is: why Ningbo? While Ningbo may not necessarily represent the general conditions of all Chinese cities, it can embody a few significant features and trends of China's ongoing urban transformation.

Research on urban development in the People's Republic of China (PRC) has been conducted by a considerable number of social scientists in a variety of disciplines. In terms of book-length research, ever since early works, such as Vogel's study on Guangzhou,<sup>20</sup> first-tier Chinese cities have been the major arena for scholarship. There have been many books on Beijing<sup>21</sup> and Shanghai.<sup>22</sup> With a few exceptions,<sup>23</sup> the large number of second-tier or third-tier Chinese cities remain understudied by urbanists.

In this context, therefore, Ningbo does provide an opportunity to explore multifaceted urban transformation in contemporary China since Ningbo, as well as most other second-tier or third-tier Chinese cities, does not have access to as many preferential state policies or as much international investment as Beijing and Shanghai, nor does it have a huge pool of talents or an enormous consumer and tourist market. In this sense, Ningbo is not as "special" a case as Beijing or Shanghai that always enjoys privileges at the national level and are becoming emerging global cities. Thus, Ningbo has the potential of being an appropriate window to look at the "self-reliant" fashion of China's urban transformation, which is being realized much more by local forces, like local state and local businesses, rather than by translocal forces, like central state intervention or large-scale international investment.

Nonetheless, urban transformation in the Ningbo case has happened against the backdrop of a variety of national and global transformations, which means that Ningbo is not a case in isolation or free from outside influence. The most convenient example is that the redevelopment model of the *Laowaitan* was directly inspired by Shanghai's *Xintiandi*.<sup>24</sup> Another example is that the global economic downturn during 2007–2009 also hit Ningbo's local economy, which is heavily reliant on foreign trade. This can be detected through the decreasing number of visitors and customers

and the shutdown of a number of the retail stores and restaurants in the Laowaitan during that period. In this sense, translocal forces are, by no means, a nonfactor in Ningbo's urban transformation, and the Ningbo case is actually a point whereby national and global transformations can be investigated as well.

Despite its smaller size, Ningbo has a long history as a major commercial and port city since the periods of imperial China. In addition, as one of the first five treaty ports in the late Qing dynasty, Ningbo was also at the forefront of being exposed to Western colonialism, industrialism, and urbanism. During the reform era of the PRC, it has been famous for its eye-catching economic growth, mainly driven by pervasive private entrepreneurship and an accommodating and efficient local state. In the particularly remarkable period of 2000–2011, on which this book focuses, a series of strategic urban redevelopment projects were being implemented in the city which are indicative of the city's profound transformation. Those historical evolutions add up to the "thickness" or "richness" of the city as the subject for urban studies in relation to state transformation.

Second, I conduct ethnography to collect firsthand empirical data in the field, whereas documentary research is adopted as the supplementary method. As a social science study of a quite recent part of Ningbo's urban transformation, the notions of participant observation, oral history, and grounded theory are adopted to unfold "today's history" of Ningbo, which was largely invisible in the form of fragmented personal memories, newspaper reports, archives, and articles without systematic review and documentation when this research project was under way.

I do not intend to conduct a comprehensive study of the entire city. Instead, I narrow down the scope of this research further to be primarily at the business district level by selecting the NBUCI and its two major projects, Tianyi Square and the Laowaitan, especially the latter. The Laowaitan, the total area of which is about 200,000 square meters, enables me to conduct thorough ethnographic fieldwork that can virtually cover every detail of this place. The relatively small size of the Laowaitan guarantees feasibility of my engaged ethnographical fieldwork.

Third, instead of formulating an established and sophisticated theoretical framework in the first place that is not subject to significant change, I decided to step into the field to find what is really going on at an early stage of this research, with only a preliminary idea of the theories that are likely to become part of the theoretical framework for this particular study. This practice conforms to the essence of grounded theory. I did not force the fieldwork to fit into any preexisting theory or conduct selective fieldwork based on a preexisting explanation. As the fieldwork proceeded, my original interpretation of the Ningbo case kept changing.

I conducted my fieldwork in Ningbo in November 2007, March 2009, June, July, and August 2009, July and August 2010, and October 2011: the total length of my fieldwork was six months. In this time, I interviewed local scholars, researchers, artists and architects, staff of property management companies and the *Laowaitan* Management Committees, relocated local residents, party-state cadres, business owners and managers, and waiters and ushers. I also conducted participant and nonparticipant observations in a variety of indoor consumption spaces like restaurants and bars, as well as outdoor spaces such as pedestrian business streets, the waterfront promenade, and promotional campaigns. In addition, I collected and studied local documents at local libraries, archives, and party-state offices, and through friends and informants.

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# The "City Operator" and the Tianyi Square Redevelopment Project

Ningbo has been experiencing dramatic downtown redevelopment since 2000, and the first project was Tianyi Square. Located in the very center of Ningbo's downtown Tianyi Square has been a milestone in redevelopment, and a local state-led urban redevelopment regime has taken shape since then. Ningbo's local state played an entrepreneurial role when there was a lack of private entrepreneurship in the particular domain of urban redevelopment in Ningbo at that time. The Ningbo Urban Construction Investment Holding Co., Ltd. (NBUCI), a local state enterprise, was indispensable in local state entrepreneurship. Meanwhile, the Ningbo government was also involved in high-profile promotional campaigns for the Tianyi Square project. In this chapter, I will discuss the mechanism of the Tianyi Square redevelopment and the two facets of Ningbo's local entrepreneurial state.

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### 1 Planning the Tianyi Square Redevelopment

### 1.1 The No. 1 Landmark

Ningbo, which literally means "peaceful wave," is a sub-provincial city (fu sheng ji chengshi) in eastern Zhejiang province; Zheijang is one of the richest provinces in China, and neighbors Shanghai. Ningbo is one of China's National Historic and Cultural Cities (guojia lishi wenhua mingcheng) designated by the State Council of China, and is widely regarded as one of the top 20 prosperous and competitive cities in China.

Today, if you visit Ningbo as a tourist and you ask local people to name the "must-go" Places in downtown, Tianyi Square is always among the answers. Tianyi Square is undoubtedly the Number One landmark of Ningbo as a contemporary metropolis. Missing Tianyi Square in Ningbo for a tourist is just as unthinkable as missing Tiananmen in Beijing or the Bund in Shanghai. Moreover, Tianyi Square is too large and visible a place and too centrally located to be overlooked on any map of Ningbo.

Tianyi Square is a giant business complex consisting of a public open space and a variety of commercial establishments. Its total area is 193,000 square meters, almost half that of Tiananmen Square in Beijing. However, it hardly seems as vast and monumental as Tiananmen Square, because most parts of its space are used by retail stores that encircle a central square of 35,000 square meters, which is a popular place for taking strolls, eating out, outdoor exhibition, and artistic performance. Indeed, Tianyi Square is the most popular public space in Ningbo. In ordinary days, it has a daily visitor volume of 60,000, and on weekends and holidays, its daily visitor volume may exceed 150,000.

Tianyi Square is located in the central part of the Haishu District (haishu qu), Ningbo's time-honored downtown for centuries. Tianyi Square is bound by East Sun Yat-sen Road (Zhongshan dong lu) on the north and Yaohang Street (yaohang jie) on the south, two main roads and business streets in Ningbo. East Sun Yat-sen Road is the most famous business street with a long history, and its particular section around the Dongmenkou area (formerly the location of the east gate, or the Dongdumen, of Ningbo's walled city, currently including northeastern portion of Tianyi Square) is long claimed to have the highest density of commercial establishments in eastern Zhejiang province, and thus the "No. 1 street in eastern Zhejiang" (Zhedong diyi jie).

In Tianyi Square, there are a variety of shops selling commodities and services: electronic and digital products, medicines, optical products, tea, jade articles, home appliances, SPA, gym, goldware, clothing, and watches. Among these there are five big stores: Tesco Supermarket (legou), Intime Department Store (yintai baihuo), International Shopping Center (guoji gouwu zhongxin), and Gugo Shopping Mall (kugou shangcheng). There are many dining options: Hong Kong-style dessert, pizza, local Ningbo cuisine, Starbucks, bars, tea houses, seafood, KFC, and local fast food. According to statistics in 2011, there are 334 commercial establishments in Tianyi Square. 4 In brief, Tianyi Square provides many options of mass consumption that are affordable for ordinary people. Different social groups can find suitable consumption options according to their income levels.

Yet you don't have to buy anything if you don't want to. It is a pleasure in itself to just walk through the shops and on the central square, looking at the occasional performances, commercial promotional campaigns, the Gothic-style Catholic cathedral as the backdrop of the central square, and night scenes of dazzling neon lights. In short, it is a relaxing marketplace and open space that excludes nobody.

### Laoqiangmen of the "Village in City"

Before 2001, Tianyi Square did not exist, and the only place which carried the name of "Tianyi" was the famous Tianyi Pavilion (tian yi ge), a Ming dynasty private library about two kilometers west of Tianyi Square's location.

The current location of Tianyi Square had long been the core of Ningbo's old town. In a newspaper article, a local resident who had lived here for over 60 years prior to the Tianyi Square development project, recalled that before 1949 the residents here were mostly involved in handicrafts and other fairly regular jobs, except for a few rich families; on the streets, there were a variety of small shops in such traditional industries: ironware, wooden wagons, timber products, dyeing, painting, and wedding and funeral appliances, as well as some brothels; as early as 3:00-4:00 am, people would hear the sounds of forging pots and spatulas from ironware shops, coupled with street vendors' hawking dumplings in soup (huntun) and red bean porridge (chidou zhou); in brief, this area was bustling, but it was also disorderly and shabby.<sup>5</sup> It had deteriorated into the largest dilapidated neighborhood in Ningbo until the Tianyi Square project. Referred to as "langiangmen" (old walls and doors) by local people,

it was full of old or even dangerous buildings dating back to the late Qing period at the earliest.<sup>6</sup>

Before the Tianyi Square project, most residents of this area considered a flushing toilet a luxury and they still used night stools (matong).<sup>7</sup> In some cases, a dozen households had to share one water tap.8 In a newspaper report, after being relocated elsewhere, a former household previously residing in Shamao Lane (shamao xiang) recalled their poor housing conditions in the Tianyi Square area, "Our home was only 25 square meters, with no window at all, and ventilation and natural lighting was poor. So we had to turn lights on even in the daytime. During the plum rain (meiyu) season, the floor was very wet. There was no toilet in the old houses in this area." Among the approximately 3700 residential households that were to be relocated, <sup>10</sup> only 30 households were living in suite-style houses (chengtao fang) that had private kitchens and toilets, and more than 700 households had average living space below the minimum standard of 11 square meters for Ningbo's urban residents at that time. 11 Some hazardous houses had to be held up by external wooden structures during typhoon seasons, and it was not uncommon that some houses collapsed during plum rain season.<sup>12</sup>

There was a sharp contrast between the dilapidated houses in this area and its surrounding contemporary high-rise commercial buildings on East Sun Yat-sen Road and Yaohang Street. The two roads were widened during 1994–1997 as part of the "Six Main Roads and One Flyover" (*liu lu yi qiao*), a set of urban infrastructural improvement projects. Referred to as a "village in city" (*dushi xiangcun*) by the NBUCI, <sup>13</sup> the area before the Tianyi Square project was just like a basin, or potted landscape of precontemporary Ningbo.

Since this area had survived the previous urban redevelopment projects, some people believed that it was to be kept intact and preserved as a historic district. But because it had suffered from Ningbo's seasonal typhoons and heavy rains due to its poor drainage facility, this area was already among the "low-lying and waterlogged areas" (diwa jishui diduan) classified by the Ningbo government, where most houses were nonsuite-style houses (fei chengtao fang). All those areas would be subject to redevelopment under special government budget over a period of three years starting in 1999, and all non-suite-style houses were expected to be eliminated by 2005 as requested by the Ningbo Municipal People's Congress (Ningbo shi renmin daibiao dahui) to the Ningbo Municipal Government.

### 1.3 From "CBD" to "CCD"

Interestingly, Tianyi Square was originally planned as an experimental project, or even a temporary project. Ever since the 1990s, the Ningbo Municipal Government has sought to build its own Central Business District (CBD), which was becoming a general trend in China at that time. However, a number of indicators showed that even until 2001, Ningbo was still not well prepared for the construction of a CBD: in comparison with such first-tier Chinese cities as Guangzhou and Shenzhen, Ningbo's economic aggregate and city size were still quite limited, and the level of Ningbo's economic outward-orientation needed to be improved, and the size of hinterland expanded.

According to a survey, Ningbo's major private real estate developers considered the CBD project too risky, and they had no confidence in it.<sup>17</sup> The cost of resident relocation and rehousing were also very high, which made the Ningbo government hesitate to undertake it.<sup>18</sup> In the Master Plan of Ningbo Municipality (1995-2010) (Ningbo shi chengshi zongti guihua), therefore, there was only a preliminary blueprint for Ningbo's CBD, which reserved the land that Tianyi Square currently occupies as Ningbo's future CBD, yet without any detailed plan, such as the site boundaries or specific planning and design requirements.<sup>19</sup>

It was apparently a big problem for Ningbo's long-term development that Ningbo's urban redevelopment had lagged far behind its widely acknowledged economic growth. Yet, it can also be regarded as a "backwardness advantage" for Ningbo in that urban planning and redevelopment is always closely regulated by the government and disorderly and uncoordinated urban development by individual private developers have largely been prevented.<sup>20</sup> Thus, government-directed comprehensive urban redevelopment would be implemented in accordance with the requirements of industrial upgrading and long-range urban spatial restructuring.

As noted above, due to the high costs of resident relocation and rehousing, as well as new construction, the Tianyi Square project would be extraordinarily expensive, risky, and challenging. It was expected to be the new urban core of Ningbo by virtue of not only its central location but also its highly complex and strategic functions. No private development firm had the confidence to undertake such a challenging project on its own. If the government divided the whole area into a number of small land parcels and leased them to individual private developers to develop one by one, there might be problems of inconsistency and poor

coordination in land use, development progress, and investment attraction, difficulties in long-term governance, and most importantly, the difficulties in undertaking further improvement or redevelopment projects as a CBD in the future.

Thus the Ningbo government itself took on this challenging task of developing Tianyi Square, to achieve the paramount goal of downtown redevelopment in conjunction with housing improvement for the residents living in low-lying and waterlogged areas. In early 2000, the Ningbo government adopted a cautious and practical two-step approach to gradually realize its dream of a CBD: to first build a Central Commercial District (*chengshi zhongxin shangye guangchang*, CCD) dedicated to commercial and landscaping uses,<sup>21</sup> which might help raise funds, improve business atmosphere, and accumulate experience, and in turn, pave the way for a CBD in the future as the second step.<sup>22</sup> And the NBUCI, a corporate group owned by the Ningbo government, would be responsible for the project.

In this context, the Tianyi Square project was informally referred to as "CBD land parcel" (*CBD dikuai*) or "City Center Commercial District" until it acquired its official name of "Tianyi Square" through public soliciting.<sup>23</sup> The naming of Tianyi Square was apparently inspired by the Tianyi Pavilion,<sup>24</sup> which is still the most famous historic heritage in Ningbo even today. In the *Ningbo Daily* (*Ningbo ribao*), the earliest article to formally use the name "Tianyi Square" to refer to this project was a report on a press conference in Shanghai organized by the Ningbo Municipal Government to invite investors to Tianyi Square, on June 12, 2001.<sup>25</sup>

In 2000, the Ningbo Urban Planning Bureau (*Ningbo shi guihua ju*) began to solicit planning schemes for this project from five domestic and overseas planning and design institutes. Two preferred schemes were selected, and incorporated and improved toward a final operational scheme by a planning and design team consisting of the Ningbo Urban Planning Bureau, the Ningbo Architectural Design and Research Institute (*Ningbo shi jianzhu sheji yanjiu yuan*), and MADA s.p.a.m. (*ma da si ban*). MADA s.p.a.m. is a private architectural design firm founded and directed by Ma Qingyun, a Tsinghua University and University of Pennsylvania-trained Chinese architect, who has also been dean of School of Architecture at the University of Southern California since 2007. 27

After being reviewed by five experts, the operational scheme was finally exhibited to solicit feedback from the public in the *Dafangyuedi*, <sup>28</sup> a Ming dynasty official's private residence often used for exhibiting urban planning

and design schemes in Ningbo in 2000 and 2001. This kind of publicity (gongshi) is still practiced as a regular channel for public participation in China's urban planning system.

Due to the central location and vast size of Tianvi Square, it was aimed not only at slum clearance and housing improvement, but more importantly, revitalization of this strategic location to serve the ends of upgrading Ningbo's city image and overall competitiveness. Its complexity and vastness brought it a few popular nicknames, such as the "aircraft carrier of commerce" (shangye hangmu). In fact, Tianyi Square had become the biggest one-stop (vi zhan shi) and landscaped (yuanlin shi) commercial complex in China consisting of shopping, leisure, and entertainment establishments upon its completion.<sup>29</sup>

In an article stating his planning and design scheme, Ma Qingyun described Tianyi Square as Ningbo's "mega-structure" (dushi ju gou) that had adopted the grandness of Baron Haussmann's redevelopment scheme for modern Paris. His plan wiped off most old structures on the site except about 20 old trees and three historic buildings and relics. He interpreted the big central square within Tianyi Square as a symbolic landmark declaring the birth of a new urban core in Ningbo. The vastness of Tianyi Square, which was bigger than the total area of all the other commercial establishments in Ningbo prior to its construction, was legitimized in the sense that it was created as a meeting place not only for local consumption and commercial development, but was also outward oriented toward international capital and consumers.<sup>30</sup>

Since Tianyi Square was regarded as a transitional CCD toward realization of a CBD afterward, and the cost of resident relocation and rehousing was already very high, the construction volume of the project was kept very low both in order to control investment scale and to leave room for further redevelopment.<sup>31</sup> Over a period of five years, if the CCD was able to generate positive socio-economic outcomes and get recognition by Ningbo's people, it would be retained as a permanent project; otherwise, it would be demolished and then the land could be released for redevelopment once again.32

The transitional and temporary nature of Tianyi Square is exactly the reason for its low building density: in the total area of 196,360 square meters, the total floor area is over 20,000 square meters,<sup>33</sup> and its floor area ratio is lower than 1.2; all buildings are only three- or four-storey high, 34 in which retail shops account for 90 %.35 In addition, the property ownership of all the newly built shops has been retained by the NBUCI and leased to retailers.<sup>36</sup> No tenant is allowed to sublease his/her shop to other tenants. Rather, tenants are only allowed to terminate their leases with the NBUCI first, and then the NBUCI gets back the shops and looks for new tenants.<sup>37</sup>

In sum, the low building density, the land-use pattern primarily for retail industry, and the unitary property ownership and management system by the NBUCI, made Tianyi Square essentially different from an ordinary CBD that is usually full of high-density skyscrapers for office use. These unique features in Tianyi Square guarantee easy land acquisition and demolition of buildings, as well as low cost of further redevelopment, if necessary.

The administrative examination and approval process of the CCD project was conducted between the Ningbo Urban and Rural Construction Committee (*Ningbo shi chengxiang jianshe weiyuanhui*, NBURCC) and its subsidiary, the NBUCI, and the Ningbo Planning Commission (*Ningbo shi jihua weiyuanhui*, NBPC), and can be divided into two steps.

The first step took place in November 2000 and dealt with the CCD project proposal (xiangmu jianyi shu). The project proposal described why the CCD project is necessary, how big it would be, and how much the total investment scale would be. On November 17, 2000, the NBURCC submitted a letter regarding "the Project Proposal of the Ningbo City Center Commercial Square (tentative name)" (quanyu baosong Ningbo shi chengshi zhongxin shangye guangchang [zan ming] xiangmu jianyi shu de han) to the NBPC. On November 20, 2000, this proposal was approved by the NBPC. As stated in the approved project proposal, the aims of this CCD project were to accelerate urban redevelopment of low-lying, waterlogged areas and dilapidated neighborhoods, improve people's living environment, upgrade Ningbo's city image, and promote coordinated economic and social development in Ningbo. The CCD would consist of leisure, commercial, and cultural and entertainment establishments. The estimated total investment scale was 1.213 billion yuan, in which, prophase investment (qianqi fei) was 809,990,000 yuan (including relocation fees for residential and non-residential households), construction fee was 284.16 million yuan, and other fees (such as project design fee and management fee) were 119.84 million yuan.38

The second step took place from late November in 2000 through mid-January in 2001, and it dealt with the feasibility study report (*kexingxing yanjiu baogao*) for the CCD project. The NBUCI first prepared the "Feasibility Study Report on the Ningbo City Center Commercial

Square Project" (Ningbo shi chengshi zhongxin shangye guangchang jianshe xiangmu kexingxing yanjiu baogao), including the final operational scheme of the CCD, and submitted it to the NBURCC on November 29, 2000. The NBURCC in turned forwarded the feasibility study report to the NBPC on December 22, 2000. Finally, the feasibility study report got approved by the NBPC on January 15, 2001.

As stated in this feasibility study report, the CCD project was expected to change the conditions of "village in city" in this area, and to integrate and upgrade the commercial and financial establishments in this area. It was planned that demolition of original buildings would be completed by March 2001, construction works undertaken from December 2000 through December 2001, and the CCD put into use in early 2002. In the total investment, 800 million yuan would be from bank loans, and would be supplemented with the NBUCI's own funds. The land for development would be transferred to the NBUCI for free, and all tax and fees of this project would be exempted.<sup>39</sup>

### 2 BUILDING THE TIANYI SQUARE

### 2.1 The NBUCI as "City Operator"

As noted above, the major sources of investment of the Tianyi Square project were bank loans and the NBUCI's own funds. The Ningbo government did not inject a lot of money from its own coffers to fund this project. A more in-depth analysis of the NBUCI's role and functions is necessary for understanding how the Ningbo government managed to undertake this costly project without a significant amount of government investment.

The root cause of this phenomenon is China's unique land administration system. Land is an indispensable factor of production in any economic system; through constitutional amendments and the enactment and revisions of the Land Administration Law (tudi guanli fa), the Chinese government has been legislating for marketization of land step by step. On the one hand, China's land resources are still exclusively state and collective assets, and on the other hand, with the adoption of land-lease system, the right to use urban state land can also be purchased by individuals and organizations for commercial development. 40

The land to be redeveloped for Tianyi Square was urban state land, upon which the Ningbo government had actual administrative authority and full right to the disposal of land-lease revenues generated in its redevelopment. The project was undertaken by the NBUCI, which adopted market operation for this government designated project. The establishment of the NBUCI was authorized by the Ningbo Municipal Government, and was intended for investment in urban construction projects and operation of urban public physical assets,<sup>41</sup> especially such strategic projects that the private sector is not prepared to undertake, and government funds are unavailable or insufficient.<sup>42</sup>

According to Mr. Zhou Riliang, then director of the Ningbo Urban Planning Bureau, the establishment of the NBUCI was actually specifically committed to undertaking the Tianyi Square project. <sup>43</sup> In December 1999, the Ningbo government transferred the assets of the "Six Main Roads and One Flyover," the Ningbo Xingguang Town Gas Group Corporation (*Ningbo xingguang meiqi jituan gongsi*), and the Ningbo Urban Construction Development Corporation (*Ningbo chengshi jianshe fazhan zong gongsi*) to the NBUCI, and therefore, enabled the NBUCI to be a coherent corporate group with a registered capital of 500 million *yuan*. <sup>44</sup> By September 2009, the NBUCI had developed to be a giant corporate group with a total asset of 40 billion *yuan* and 13 subsidiaries. <sup>45</sup>

The NBUCI has, since its establishment, been transforming Ningbo's mode of urban construction and the provision of municipal public utilities to be more market-oriented, and it has been able to overcome the shortage of government budget and seek diverse financial sources on the capital market for public investment. For example, it succeeded in obtaining loans from the China Development Bank (*guojia kaifa yinhang*), an amount of 1.15 billion *yuan*, and thus reduced the lending burden of Ningbo's local commercial banks. And with the transfer of state legal person shares of the Ningbo Fuda Electric Appliance Co., Ltd. (*Ningbo fuda dianqi gufen youxiao gongsi*), a listed company, the NBUCI has been able to finance on the stock market.<sup>46</sup>

As stated in the "Feasibility Study Report on the Ningbo City Center Commercial Square Project," the Ningbo government authorized the NBUCI to undertake the Tianyi Square project, transferred the land-use right of this land to the NBUCI free of charge, which was estimated to be 1.2 billion *yuan*,<sup>47</sup> and exempted the NBUCI from any tax or fee pertaining to such a commercial real estate project.<sup>48</sup> Bai Xiaoyi, chairman of the board of the NBUCI, clarified that the NBUCI still paid the land-lease fee to the Ningbo government, but the government then transferred the fee back to the NBUCI as the shareholder of the NBUCI.<sup>49</sup> There was

a state-owned land-use right transfer contract (quoyou tudi shiyongquan churang hetong) between the Ningbo Municipal Land and Resources Bureau (Ningbo shi guotu ziyuan ju) and the NBUCI signed on December 26, 2002, regarding the Tianyi Square project, almost three months after the project was put into use. It was actually a revised version of the previous contract signed in 2001, indicating that the land-lease fee per square meter was 2973.00 yuan, and the total was 484,798,785.60 yuan, which had been paid by the NBUCI before the contract was signed.<sup>50</sup>

By mortgaging this land to the Agricultural Bank of China Ningbo Branch (Zhongguo nongye yinhang Ningbo shi fenhang), and guaranteed by government credit, the NBUCI managed to obtain a loan of over 800 million yuan for resident relocation,<sup>51</sup> and later on another loan of near 600 million yuan for construction works.<sup>52</sup> The NBUCI also raised another amount of 200 million yuan on its own for the project.<sup>53</sup>

In addition, assisted with the liaison by the Ningbo government, the NBUCI signed a long-term collaborative agreement with the Ningbo Commercial Bank (Ningbo shi shangye yinhang, reorganized as a listed company and renamed Bank of Ningbo [Ningbo yinhang] in 2007) in 2001 as well, according to which, the Ningbo Commercial Bank would help in financing urban redevelopment, infrastructural construction, and environment protection projects undertaken by the NBUCI. He Jianmin, deputy mayor of Ningbo, specifically in charge of urban construction at that time, attended this agreement signing ceremony, and represented the Ningbo government as an indispensable middleman between the two local state enterprises.<sup>54</sup>

It was decided that the property ownership of Tianyi Square would be retained by the NBUCI, and all shops would be leased to retailers to generate rental income, which was to be used by the NBUCI to repay bank loans.<sup>55</sup> This arrangement was one of the preconditions for a possible redevelopment once again later on. In order to undertake both initial investment attraction and long-term business management, the NBUCI established a wholly owned subsidiary, the Ningbo City Square Development & Management Co., Ltd. (Ningbo chengshi guangchang kaifa jingying youxian gongsi, NBCSDM), to take charge of long-term management of Tianyi Square.56

Some external partners were also invited to join the management of Tianyi Square. For example, DTZ Debenham Tie Leung (dai de liang hang), a global leading agent of real estate consultancy, was involved in business planning and investment attraction for Tianyi Square until 2004.<sup>57</sup>

A manager in the Investment Office (zhaoshang chu) of the NBCSDM explained that

At that time [when Tianyi Square was being developed], commercial real estate project was still a new thing in Ningbo, and we were in the process of learning about it. So we invited DTZ Debenham Tie Leung. However, investment attraction is a localized undertaking, and DTZ Debenham Tie Leung was not very familiar with Ningbo in some respects, so it retreated in 2004, and our company has since then been doing it on our own.<sup>58</sup>

The Ningbo government took pride in that: (1) by adopting market operation, the NBUCI was able to undertake the Tianyi Square project without a cent from the government coffers, and (2) this strategically located land as state asset, which had previously been a dilapidated neighborhood, had now been redeveloped and revitalized for commercial, leisure, and landscaping uses. <sup>59</sup> This operation mode was referred to as "government project operated by enterprise" (*zhengfu xiangmu, qiye yunzuo*), and the NBUCI was described as a "city manager" (*chengshi jingli ren*) <sup>60</sup> or "city operator" (*chengshi yunying shang*) that connects the government with the market. <sup>61</sup> As a "city operator," the NBUCI is believed to be able to faithfully follow the directives of the government and employ market mechanism to develop large urban areas, and generate both profits and broader social benefits. <sup>62</sup>

The "city operator" model of the NBUCI is not particular to Ningbo, however. According to economist Sheng Hong, such local state enterprises committed to urban construction investment have existed for years in China. In the context that the Budget Law (yusuan fa) prohibited China's local governments from borrowing from banks or issuing bonds for a long time, these local state enterprises have enabled local governments to find finance on the capital market. 63 Thus, as stated by Bai Xiaoyi, 64 the NBUCI can be regarded as a hybrid authority performing the dual functions of local governance and entrepreneurial undertakings. Even Bai Xiaoyi's job was illustrative of this duality: as chairman of the board of the NBUCI, he is both a government official and a state entrepreneur. 65

The "city operator" model reflects a general trend prevailing in China since the early 1990s, a trend that is widely believed to originate in the city of Dalian under its mayor and later party secretary, Bo Xilai. 66 The Chinese reference to such a trend is "managing the city" (*jingying chengshi*). Dalian, the biggest seaport in Northeast China, used to be a city

famous for its heavy industry, a common economic feature across China, especially in Northeast China, under the command economy. Bo Xilai had been the principal politician in Dalian since he was appointed acting major of Dalian in 1992, and until he got promoted to head the Liaoning Provincial Government in 2000.

Since China's urban land is exclusively owned by the government, Bo Xilai argued that cities, just like state enterprises, are also state assets (guoyou zichan), and managing cities can also generate fiscal revenues for the government, just like levying taxes on enterprises; a bad mayor who does not manage a city well devaluates state assets. He proposed two methods of managing cities: (1) creating quality urban environment, including infrastructure and landscape, (2) attracting inward investment. The success of managing the city relies on high quality of urban planning, for which, he put forward the guideline of "Don't pursue the biggest, but the finest" (bu qiu zui da, dan qiu zui hao) for Dalian.<sup>67</sup> A large amount of land-lease fee was regarded as the second source of fiscal revenue for the Dalian government.<sup>68</sup> The fee was used by the Dalian government to improve urban environment, such as relocation of pollutant factories to industrial outskirts, slum clearance and housing improvement, and urban landscaping, and further inward investment attraction, and thus, a virtuous circle.69

Under Bo's leadership, especially guided by his notion of "managing the city," which was first proposed by him in 1993, 70 Dalian announced its ambition of becoming "Hong Kong in the north" (beifang Xianggang) in 1993, namely a hub of trade, finance, and export processing in Northeast Asia,<sup>71</sup> and obtained a number of national and international titles in recognition of its gorgeous and livable urban environment: Nationally Designated Garden City (guoji yuanlin chengshi), National Model City for Environmental Protection (quojia huanbao mofan chengshi), and the UN-Habitat Scroll of Honour Award (Lianheguo renju jiang). These achievements were essentially the outcomes of Bo's notion of "managing the city" as state assets.72

Bo's notion of managing the city invoked a large amount of research, which more or less has achieved such consensus that the city can be packaged and marketed, and managing the city by the government is a businesslike undertaking.<sup>73</sup> The notion "managing the city" was highly influential during the 1990s and impacted the establishment of the NBUCI and its operation of the Tianyi Square project.

From 2000 through 2002 in Ningbo's local newspapers, there were several articles discussing the notion of "managing the city," successful cases in Dalian, Kunming, Shanghai, and Qingdao, and the potential of its application in Ningbo.<sup>74</sup> On December 12, 2001, there was a special column, in which five government officials and experts elaborated their opinions about managing the city.<sup>75</sup> According to Zhou Riliang, the aims of managing the city include restructuring and optimizing urban land resources, urban space, and other economic factors, and upgrading city image and attractiveness to inward capital and talents.<sup>76</sup>

The Tianyi Square project has been regarded by the Ningbo government and the NBUCI,<sup>77</sup> local urban planners<sup>78</sup> and local media<sup>79</sup> as a successful application of managing the city. In addition, Tianyi Square also became the reference for emulation by over 600 observation and study tour delegations (15,000 people in total) in the first three years of its operation,<sup>80</sup> and has even stimulated some cities in Shandong and Jiangsu to invite the NBUCI to develop similar projects.<sup>81</sup>

### 2.2 Resident Relocation and Construction

In order to clear the shabby neighborhoods for the ambitious redevelopment project of Tianyi Square, the Ningbo government and the NBUCI had to relocate a large number of residential households and non-residential work units (*danwei*) and other organizations reasonably. The relocation task was also politically significant in that it was the bad housing and infrastructural conditions of this area that made the Ningbo government launch this challenging project in the first place. In fact, upon its launch, the Tianyi Square project had become the largest urban redevelopment project in the history of Ningbo, <sup>82</sup> as well as in Zhejiang province, <sup>83</sup> in terms of demolition volume.

On December 7, 2000, the Office for Key Urban Construction Projects of Ningbo (Ningbo shi chengshi jianshe zhongda xiangmu bangongshi) signed a contract with the Ningbo Municipal Office of Demolition, Relocation and Rehousing (Ningbo shi fangwu chaiqian bangongshi) to implement demolition. As stated in this contract, the total floor area to be demolished was 130,673 square meters, in which, the total floor area of 2120 residential buildings was 89,745.3 square meters, and the total floor area of 125 non-residential buildings was 40,928 square meters. The total compensation fee for demolished properties was estimated to be 360,624,700 yuan. In addition, the Office for Key Urban Construction

Projects of Ningbo needed to pay management and service fee to the Ningbo Municipal Office of Demolition, Relocation and Rehousing for demolition affairs in the amount of 3,005,400 yuan.84

The demolition permit (chaigian xuke zheng) was issued in November 2000.85 Starting on December 1, 2000, 3750 residential households and 340 work units and other organizations in this area began to sign relocation agreements with the NBUCI, and on March 12, 2001, electric and water supplies were to be cut off, and the demolition was to start. There were two rehousing options: rehousing in resident-decided locations (zixuan anzhi) and rehousing in government-designated locations (zhijie anzhi). The former meant that households could choose monetary compensation in the form of a housing coupon (fang piao), 86 and buy or rent apartments elsewhere on their own, and the latter meant households could choose to buy or rent apartments provided by the Ningbo government at subsidized prices as in-kind compensation, which, in this particular case, was Nanyuan Estate (nanyuan xiaoqu) in Haishu District, 87 about four kilometers south of Tianyi Square. It was reported in February 28, 2001, that the rehousing in resident-decided locations method was preferred among relocated households, with an overwhelming ratio of 99 %.88

The relocation and demolition arrangement was harsh to guarantee that the Tianyi Square project could be launched on time. In a magazine article it was disclosed by an insider in the NBUCI that each demolition agreement between the demolisher and relocated residents was settled within 14 days; if any household refused the compensation standard and demolition timeline set by the Ningbo government, a notification of forced eviction (qiangzhi chaiqian) would be issued to the residents a few days later, and the household's property was subject to the legitimate violence of the local state apparatus.<sup>89</sup>

The Tianyi Square project was the second large-scale urban redevelopment project in Ningbo that adopted the policy of rehousing in residentdecided locations, just after the redevelopment of the Moon Lake (yue hu) scenic area in 1998. This policy was said to be the most feasible way to pay monetary housing subsidy (zhufang huobihua butie) to an urban population, in order to gradually supersede the former housing allocation (zhufang fenpei) system. 90 As housing reform was launched in 1998 across China, in-kind housing allocation had been terminated in Ningbo by the end of 1998, and monetization of housing subsidy had been implemented since early 1999.91

Through monetary compensation and rehousing estates provided by the Ningbo government, the Tianyi Square project materialized and paid a considerable amount of the high market value of the land occupied by the shabby neighborhood. To many relocated households whose income level was low, the monetary compensation was indeed very helpful to improve their housing conditions. It would be very difficult, if not impossible, for them to flee from the shabby neighborhoods and get better apartments elsewhere without such a government project.

Many stories about "happy relocated residents" were reported in the *Ningho Daily* in 2001. For example, on March 1, 2001, it was reported that a family got their 25-square-meter house compensated in the amount of 60,000 *yuan*, and they added it with their own savings of another 60,000 *yuan* to buy a 60-square-meter apartment in Nanyuan Estate. Assisted with a mortgage loan, their neighbor purchased an 80-square-meter apartment in Sanshui Lijing Estate, <sup>92</sup> about two kilometers south of Tianyi Square, slightly closer to the downtown area than Nanyuan Estate.

For some households from disadvantaged groups, special supporting policies were prepared in conjunction with the relocation, such as Minimum Living Allowance (*zuidi shenghuo baozhang jin*) application and re-employment arrangement for the unemployed, and a special rehousing support scheme for empty-nesters and the disabled. For small business owners, Street Office cadres helped to find alternative venues for their businesses. Many bigger stores along East Sun Yat-sen Road that were to be demolished, such as Beyond Textile (*boyang jiafang*), signed rental agreements with the NBUCI for reservation of new retail stores in Tianyi Square in advance, which guaranteed their return once Tianyi Square was put into use.

Although it cannot be denied that such "happy stories" may report only the positive outcomes to serve propaganda purposes of the Ningbo government, it cannot be denied as well that the policy of rehousing with compensation and subsidized estate did help to considerably improve the housing conditions of many households, which was vital to the legitimacy of the project and the Ningbo government.

It was reported that by December 21, 2000, there had been 2164 households that had signed relocation agreements, accounting for about 63 % of all types of relocated households. In these 2164 households, 99 % chose rehousing on their own with monetary compensation. 95 By February 28, 2001, less than two weeks before the starting date of demolition, it was reported that there had been 3306 households that had signed relocation

agreements, among which, 2800 households had already found their new apartments either rented or purchased.<sup>96</sup>

The large number of relocated households eager to find apartments elsewhere on the real estate market stimulated a market boom, especially a rapid increase in the demand for second-hand properties. A large number of real estate agents established their temporary offices in the Tianyi Square area to grab these business opportunities. 97 On March 6, 2001, there was an article in the Ningbo Daily that specifically focused on the second-hand property boom. In was reported that about 20 real estate agents had emerged in this area in search of businesses. The second-hand property market was deemed promising because it was more affordable for relocated households due to its lower price and convenient location near downtown.98 As originally scheduled, all households had moved out by March 12, 2001; demolition started on March 13,99 and finished in mid-April. 100 New construction works started on April 16, 2001, 101 and had been almost finished by August 1, 2002, erecting 20 European-style commercial buildings encircling a central square. The Tesco supermarket and Tianyi Digital Products Mall (tianyi shuma guangchang) had already been in operation.<sup>102</sup>

### Historic Conservation 2.3

According to the final operational design scheme of Tianyi Square, most old structures of the langiangmen in this area would be demolished, and some particularly important historic buildings were to be relocated and rebuilt elsewhere in order to vacate the land for the new buildings of Tianyi Square. 103 This method of conservation, which targets only individual buildings or relics but does not keep the overall texture of historic districts intact, and sometimes relocates and reconstructs heritage buildings elsewhere, was fashionable in Ningbo at that time.

Three historic buildings and relics in this area were regarded as a particularly valuable architectural heritage: the tablet in memory of the bacteriological warfare by the Japanese troop spreading plague virus during the Second World War (qin Hua Rijun shuyi xijun zhan yizhi jinian bei), the God of Herbal Medicine Hall (yao huang dian), and Li's Residence (Li zhai). There were two articles in the Ningbo Daily on February 8 and March 4, 2001, reporting respectively that it had been proposed that the God of Herbal Medicine Hall and Li's Residence were to be relocated to the City God Temple (chenghuang miao) business district and the Moon Lake scenic area respectively.<sup>104</sup> However, on May 31, 2001, there was another article in the *Ningbo Daily* that introduced the history of the God of Herbal Medicine Hall in detail and announced that in-situ conservation approach would be adopted for this heritage. So what happened that led to in-situ conservation of the God of Herbal Medicine Hall?

The south boundary of Tianyi Square is Yaohang Street, which literally means "the street of herbal medicine stores." This area had been famous as a hub of herbal medicine trade in the Yangtze River Delta region since the Qing dynasty. The God of Herbal Medicine Hall was built in the Yaohang Street area in 1708 in honor of Shennongshi, the god of agriculture and herbal medicine in China. The God of Herbal Medicine Hall also had an annex named "Lianshan Guild Hall" (*lianshan huiguan*), the chamber of commerce of herbal medicine industry in Ningbo in Qing dynasty. This combination of deity worshipping and associational bonding was a common phenomenon in pre-1949 China based on either the same industry (*ye yuan*) or the same hometown (*di yuan*).

The socialist transformation of capitalist industry and commerce in the early years of the PRC succeeded in eliminating the private sector as a whole, of course including their associational activities. The God of Herbal Medicine Hall thus lost its original significance as a worshipping hall and a chamber of commerce. Since 1953, the God of Herbal Medicine Hall had been used as a warehouse by the predecessor of the currently Ningbo Dahongying Pharmaceutical Co., Ltd. (*Ningbo dahongying yaoye gufen youxian gongsi*, DHY Pharm). It was no longer a public space, and could be said to have disappeared in a cloud of over-crowded and shabby neighborhoods for a long time, even though it was designated as a municipal-level architectural heritage point (*shi ji wenbao dian*) in 1992.<sup>106</sup>

The key figures that contributed to the in-situ conservation of the God of Herbal Medicine Hall were Yang Gucheng and Wang Jietang, who were also the authors of the article in the *Ningbo Daily* on May 31, 2001. Known as the "crazy man for heritage conservation" (*wenbao kuangren*), Yang Gucheng is a famous local activist who has been committed to heritage conservation in Ningbo for years, and was one of the "Top 10 Activists for Cultural Heritage Conservation in Ningbo" (*Ningbo shi shi jia wenhua yichan baohuzhe*)<sup>107</sup>; he also won the "Heritage Conservation Contributor of the Year 2008" (*2008 nian wenbao niandu gongxian jiang*) in China.<sup>108</sup>

Yang Gucheng, along with Wang Jietang and some other heritage conservation activists, argued that the most valuable part of the God of Herbal Medicine Hall was its brick carving, which would definitely be damaged

in the process of relocation and rebuilding; moreover, the whole history of the Yaohang Street area as a hub of herbal medicine trade would be wiped out if ex-situ reconstruction was carried out. On April 9, 2001, they wrote a letter to both Deputy Mayor He Jianmin and the *People's Daily* to advocate in-situ conservation of the God of Herbal Medicine Hall, with the Huqingyutang in Hangzhou as the exemplar of such a conservation approach. On April 12, 2001, People's Daily East China News (renmin ribao [Huadong xinwen]), the local edition of the People's Daily in the six provinces and one municipality of East China, published Yang and Wang's letter on the front page. 109 The case thus became known across China due to the coverage in the center-level official newspaper of the Communist Party of China (CPC). Yang's letter was then forwarded by He Jianmin to the NBUCI for a reconsideration of the design scheme of Tianyi Square. The response of He Jianmin came to Yang Gucheng 10 days later, with the promise that their appeal for conservation had been accepted by the Ningbo government, and the NBUCI would be responsible for revising the design scheme to accommodate the in-situ conservation of the God of Herbal Medicine Hall. 110

The NBUCI invited a number of time-honored pharmaceutical firms, including Beijing Tongrentang and Hangzhou Huqingyutang, to take part in the bidding for renovation and operation scheme of the God of Herbal Medicine Hall. 111 The Hall was to be reused as a pharmacy and a museum of herbal medicine history, and the tenant would still be the Ningbo DHY Pharm.<sup>112</sup> On April 29, 2002, the renovation plan of the rear hall as the Ningbo Herbal Medicine History Exhibition Hall (Ningbo yaoye lishi chenlie guan) got the final approval. 113 It would become Ningbo's fourth museum of a particular industry, following the Ningbo Numismatic Museum (Ningbo qianbi bowuguan), the Ningbo Museum of Costume (Ningbo fuzhuang bowuguan), and the Ningbo Museum of Agricultural Machinery (Ningbo nongji bowuguan). 114

The Ningbo DHY Pharm was in charge of renovating and operating the God of Herbal Medicine Hall as its tenant. In the rental agreement signed between the NBUCI and the Ningbo DHY Pharm, the God of Herbal Medicine Hall would always used for pharmaceutical business, and its original architectural style would never be changed or damaged. 115 Thus, the God of Herbal Medicine Hall succeeded in maintaining both its physical existence and its pharmaceutical function in Tianyi Square, thanks to the successful appeal of architectural conservation activists.

The God of Herbal Medicine Hall has a total area of 1600 square meters. <sup>116</sup> The Ningbo DHY Pharm spent five million *yuan* on the renovation. <sup>117</sup> A total area of 2000 square meters was retained for in-situ conservation, which incurred an annual rental income loss of over 10 million *yuan* to the NBUCI due to a reduction of retail space. <sup>118</sup> The Ningbo Herbal Medicine History Exhibition Hall and the Ningbo DHY pharmacy were opened on January 5, 2003, <sup>119</sup> about three months after the opening of Tianyi Square.

During the renovation, a pair of Yuan dynasty *bixi* (a turtle-like dragon made of stone, used for erecting a tablet in traditional Chinese architecture) was excavated just next to the God of Herbal Medicine Hall in May 2002. A new pavilion was built to shelter the *bixi*, and a tablet was erected to record the history of their excavation and the renovation of the God of Herbal Medicine Hall. The God of Herbal Medicine Hall and the *bixi* under the pavilion has since then constituted the only zone of historic buildings and relics in Tianyi Square, in sharp contrast to, and somehow also in harmony with, the contemporary commercial buildings surrounding them.

It can be found that the efforts of local activists, in combination with contingent interventions from the outside, such as the *People's Daily*, significantly impact the decision-making of China's local states in key urban redevelopment projects once their problems are made public. Yet, undoubtedly, the local state is still the determinant factor that decides whether or not to respond and in what way.

Besides, 18-year-old trees which had a diameter at breast height above 30 centimeters were also preserved in Tianyi Square, instead of being cut down. The NBUCI stated that, for the preservation, over 20 new buildings had to be redesigned. For example, over 1000 square meters of new shop area in the original design scheme was wiped off to preserve three magnolias near Yaohang Street; five new shops were canceled to give way to camphor and magnolia trees near the God of Herbal Medicine Hall. The preservation of those trees was estimated to incur a loss of rental income of ten million yuan to the NBUCI due to reduction of retail space. The explanation of the NBUCI for this decision for preservation was that the trees can help improve the landscape of Tianyi Square and preservation of trees itself is meaningful in an environmental sense. 121 This explanation has some connotation of corporate social responsibility. Yet a fuller understanding of this episode must include the fact that the NBUCI is a "city operator" under the supervision of the local state, and the local state always bears in mind its political legitimacy when implementing urban redevelopment projects, and therefore, the decision of the NBUCI is not always profit-maximizing.

However, Li's Residence, which had no government-designated title in recognition of its architectural value, was at last relocated and rebuilt in the Moon Lake scenic area as originally proposed. It is also a Qing dynasty building, and has a total floor area of 450 square meters.<sup>122</sup> It has been adaptively reused by the Mingtown Ningbo Youth Hostel (mingtang Ningbo Li zhai guoji qingnian lüshe) since the ex-situ relocation of this building.

### 3 PROMOTING AND GOVERNING THE TIANYI SQUARE

### 3.1 Promotion and Grand Opening

Inward investment attraction for Tianyi Square had already begun in December 2000, while the "Feasibility Study Report on the Ningbo City Center Commercial Square Project" was still awaiting final approval by the NBPC. Among the 550 retailers who had shown rental intentions to the NBCSDM by that time, one-third were local retailers, nearly two-thirds were non-local domestic retailers, and there were another ten international retailers; in terms of industry, clothing and catering were the two major industries.<sup>123</sup> Apparently, Tianyi Square was indeed going in the direction of becoming a meeting place of local and trans-local capital and consumption, as envisioned by Ma Qingyun.

The NBCSDM began to formally publicize messages of investment attraction starting in March 2001. Ningbo's party-state agencies were proactively engaged in various types of promotional activities for Tianyi Square, which was obviously the Number One project in Ningbo during those years. Ningbo's local media, which are to a large extent still the propaganda instruments of the local party-state, were required by the Propaganda Department of the Ningbo Municipal Committee of the CPC (Zhonggong Ningbo shiwei xuanchuan bu) to intensively report on the Tianyi Square project during its construction.

The Ningbo Municipal Government organized several press conferences in Beijing, Shanghai, Hangzhou, and Guangzhou to attract nationwide attention to the project. 125 The venues for such conferences were strategic places in these cities that would help guarantee the best effects of promotion: the paramount Great Hall of the People (rennin da huitang) in Beijing, 126 the Jinmao Tower (jinmao dasha) in Shanghai, 127 the Zhejiang

World Trade Center (*Zhejiang shimao zhongxin*) in Hangzhou, <sup>128</sup> and the Garden Hotel (*huayuan jiudian*) in Guangzhou. <sup>129</sup>

There were also some liaison and consultation activities initiated by the Ningbo government seeking the collaboration of Ningbo's local business. Ningbo has a historically established garment industry. Thus, in order to create a specialized street for clothes retailing (*fuzhuang yitiao jie*) in Tianyi Square, the Ningbo government convened a forum to consult Ningbo's major garment firms, including such nation-wide brand-name manufacturers as Firs (*shanshan*), Younger (*yage'er*), Romon (*luomeng*), Rouse (*luozi*), and Peacebird (*taiping niao*).<sup>130</sup>

When the Ningbo government was holding high-profile promotional campaigns, the NBUCI thoroughly studied the investment potential. Initially, the NBUCI just focused on Ningbo's local firms, but soon it found that the size of Ningbo's qualified investors was still limited. Therefore, the NBUCI began to proactively promote Tianyi Square outside of Ningbo, mainly focusing on enterprises based in Shanghai, Hangzhou, and Wenzhou; the Shanghai-Hangzhou-Ningbo Expressway (Hu Hang Yong gaosu gonglu) became the major transportation corridor for the investments team of the NBUCI. They turned to the chambers of commerce in those cities for recommendation of qualified investors, and they also directly approached the businesses that they were interested in. <sup>131</sup>

In brief, inward investment attraction was significantly facilitated by the Ningbo government's promotion, and was mainly undertaken by the professional team of the NBCSDM. As reported by the NBCSDM on December 18, 2001, 120 firms had signed rental agreements with the NBCSDM since December 2000, at three firms a day on average, and there had been another 800 firms which had shown rental intentions.<sup>132</sup>

As discussed earlier, the implications of Tianyi Square go far beyond simply a shopping mall, not only because it is essentially a government project, but also because of its central location and complex functions as a new urban core. Its grand opening in 2002 during the PRC's National Day holiday, therefore, was also deeply characterized by high-profile government involvement and a high level of local media coverage.

The central square inside Tianyi Square has always been used as the foremost meeting place in downtown Ningbo for both commercial activities and government activities since the completion of Tianyi Square. The grand opening of Tianyi Square was held here. Top leaders in Ningbo's government, Party, and even military systems, like the mayor, the CPC municipal secretary, and the Ningbo military sub-commander (Ningbo junfenqu

silingyuan), attended the opening ceremony. There were three consecutive days of artistic performances on the central square celebrating the opening of Tianvi Square. These performances were part of the six-day 1st Haishu District Festival of Business, Culture and Arts (Haishu qu shangmao wenhua yishu jie) organized by the NBUCI and the NBCSDM and supervised by the Ningbo Haishu District Government. 133 This festival had been organized since 2002 for five consecutive years; since 2007, it has been replaced by the annual "Ningbo Shopping Festival" (Ningbo gouwu jie). 134 Both of them are commercial and cultural campaigns centered in Haishu District, especially the Tianyi Square area.

### 3.2 Governance Structure

At the initial stage of its operation, Tianyi Square experienced some difficulties in business operation. It was reported in February 2003 that the number of visitors and consumers began to rapidly decrease soon after its opening, and many stores had a very hard time operating, with some of them unable to survive. To some store owners, besides the nation-wide Severe Acute Respiratory Syndrome (SARS) crisis in 2003, the difficulties were due to unsatisfactory business management of Tianyi Square by the NBCSDM, high rent for shop space, and that Ningbo people had not been accustomed to the new consumption pattern in Tianyi Square as an outdoor shopping mall. 135 Some tenants were even unwilling to pay rent to the NBCSDM in time, because poor business performance in Tianyi Square had let them down. 136 In short, Tianyi Square has not always been a success since its opening simply because of its central location.

After 2003, however, Tianyi Square became really prosperous and the most popular one-stop shopping mall among Ningbo people. It consists of ten functional zones: men's clothes, women's clothes, children's products, digital products, restaurants, supermarket, department stores, luxuries, hotels, and entertainment. This high diversity makes Tianyi Square attractive to people of almost all ages and consumption capacity. As business is booming, tenants are no longer reluctant to pay rent to the NBCSDM as they were in the first year of Tianyi Square's operation. 137

The governance structure of Tianyi Square since its opening has been established through partnerships between the NBUCI, the Haishu District Government, and business tenants. In an article in the Ningbo Daily reporting on the property management of Tianyi Square, the author intentionally used the often negative phrase "no separation of enterprise from government" (zheng qi bu fen) to describe the governance structure of "management by enterprise as the main body, and law enforcement by the government as the guarantor" (qiye guanli wei zhuti, zhengfu zhifa wei baozhang) that incorporates urban management (chengshi guanli) function and property management function. <sup>138</sup>

The NBCSDM is in charge of property management. The Tianyi Square Management Committee (tianyi guangchang guanli weiyuanhui) is the governing authority, which consists of representatives of the Haishu District Government, the NBUCI, and business tenants. The Committee sets up a Comprehensive Management Office (zonghe guanli bangongshi) to perform the functions of such governmental departments as Urban Management Bureau (chengguan ju), Administration for Industry and Commerce (gongshang guanli ju), Traffic Police Detachment (jiaojing zhidui), and Fire Brigade (xiaofang zhidui), to specifically deal with administrative examinations and approvals (xingzheng shenpi) for business in Tianyi Square. 139

The unitary property ownership of Tianyi Square held by the NBUCI enables the NBCSDM to formulate long-range business plans and management for Tianyi Square. As explained by the director of the general office of the NBCSDM, there would be no way for the NBCSDM to manage Tianyi Square in a coherent way if the properties were sold out to individual proprietors, because proprietors usually don't respect a mere property management company. A manager in the Investment Office of the NBCSDM added that if the properties were sold, since shop owners are eager to attract tenants, chaotic industrial composition and lowering quality of property management would be unavoidable. 140

Holding property ownership does not bring quick returns to the NBCSDM, but it makes Tianyi Square economically sustainable in the long run as long as it is properly managed. The NBCSDM not only collects rent from its business tenants, which accounts for about 70 % of its total revenue, but also makes money from parking and advertising fees in Tianyi Square, as well as venue rental income from activity organizers who use Tianyi Square to hold commercial activities. <sup>141</sup> It was estimated in 2008 that there were four public activities held in Tianyi Square every day. <sup>142</sup>

Unitary property ownership also enables the NBCSDM to reorganize functional zones and merchandise structure of Tianyi Square regularly to adapt to the changing market environment and demands. Crystal Street (*shuijing jie*), which used to be full of low-end gift shops, was later on transformed into a specialized street of high-end jewelry. Since mid-2007,



Fig. 2.1 The God of Herbal Medicine Hall housing Qingyuan Teahouse and craft shops (photographed by the author in July 2010)

there had been a new round of restructuring of overall retail zoning and upgrading of landscape in Tianvi Square over a period of three to five years. 143 The tenants in the catering industry zone signed leases with the NBCSDM in 2002; when I was doing my fieldwork in July 2010, the NBCSDM was renewing leases with tenants in this zone, and sought to introduce some new tenants to replace some old tenants, in order to upgrade the overall service standard in this zone.<sup>144</sup>

A more interesting case of merchandise reorganization is the God of Herbal Medicine Hall. Once the lease between the NBCSDM and the DHY Pharm expired, the main hall of the God of Herbal Medicine Hall has been leased to Qingyuan Teahouse (qingyuan chaguan), and its annexes were leased to some arts and craft stores selling jade handicraft (see Fig. 2.1). A manager in the Investment Office of the NBCSDM told me that those tenants were selected by the NBCSDM because their businesses are somehow in harmony with the God of Herbal Medicine Hall's Chinese traditional architecture. <sup>145</sup>

In addition, the NBCSDM operates its own department stores in Tianyi Square as sustainable cash cows: Gugo Shopping Mall and International Shopping Center. The two stores, alongside other large stores like Intime Department Store, are regarded as "flagship stores" in Tianyi Square. 146

The NBCSDM is also involved in organizing some symposia to review and reflect on its management strategies from time to time, during which, experts from out of town are invited for consultation. For example, in July 2008, as part of the Ningbo Shopping Festival, a symposium on upgrading commercial establishments of Tianyi Square was jointly organized by the Haishu District Bureau of Foreign Trade & Economic Cooperation (Haishu qu duiwai maoyi jingji hezuo ju) and the NBCSDM. Managers of commercial real estate projects and business districts in Beijing and Shanghai were invited and consulted at the symposium regarding the upgrading of Tianyi Square.<sup>147</sup>

# 3.3 Becoming a Permanent Project

Tianyi Square has overcome the difficulties at its initial stage of operation, and has soon gained fame as one of the most popular and accessible commercial centers and public open spaces in Ningbo. In addition to enjoying the scenery and shopping facilities of Tianyi Square, Ningbo citizens and visitors can also be entertained by various commercial promotions and performances held in Tianyi Square from time to time. Tianyi Square has received wide acknowledgement and acclaim from Ningbo and beyond. For example, Tianyi Square was awarded the "China Architectural Arts Award" (*Zhongguo jianzhu yishu jiang*) and was listed in the "Top 10 Featured Business Street in Zhejiang" (*Zhejiang sheng shi da shangye tese jie*) in 2004, and the opening of Tianyi Square was awarded "Top 10 Most Influential News in Ningbo in the Past 20 Years" (*Ningbo 20 nian zui ju yingxiangli de shi da xinwen*).<sup>148</sup>

In an interview in March 2004, Zhou Hongming, then general manager of the NBUCI, disclosed that about 85–90 % of the shops in Tianyi Square had been leased, and the overall market value of Tianyi Square had gone up to four billion *yuan*. Besides, a professional business management team had been trained in the process of business management of Tianyi Square, and they were going to operate the NBUCI's next project: the

Laowaitan. 149 Actually, Tianyi Square's business operation by the NBUCI started making a profit just one year after its opening in 2002. 150

As Tianyi Square became so successful, the NBCSDM became quite confident in its business management capability. A manager in the Investment Office of the NBCSDM said that there is little need for the NBCSDM to organize promotions for Tianyi Square anymore, because Tianyi Square has already established its reputation, and the Ningbo government is very supportive to the NBCSDM. So the NBCSDM was only promoting their new projects. 151

In the meantime, there has been a series of strategic urban spatial restructuring in Ningbo since the Tianyi Square project, according to which, Ningbo's overall urban spatial layout, including the location of Ningbo's CBD, has been significantly changed. In September 2004, the master plan of an "Eastern New Zone" (dongbu xincheng) and the detailed urban design of its core district were released. 152 This scheme was approved by the Ningbo Municipal Government in December 2004. 153 This is a significant strategy for expanding Ningbo's city proper and creating a multi-core spatial layout in Ningbo under the slogan of "Step Out of the Confluence of Three Rivers, Build a Greater Ningbo" (tiaochu Sanjiangkou, jianshe da Ningbo). 154

Eastern New Zone would be Ningbo's second city center located in the previously manufacturing outskirts of the East Bank District (Jiangdong qu) and Yinzhou District (Yinzhou qu), just on the axis of the eastward extended Sun Yat-sen Road across the Fenghua River. Eastern New Zone will consist of administrative, business, information and technological functional zones. It will occupy a total area of 15.85 square kilometers, in which an area of 8.45 square kilometers will be reserved for the core zone as Ningbo's administrative, international trade, shipping service, and financial centers in the near future. Since January 2005, construction works of Eastern New Zone have been steadily undertaken.<sup>155</sup> Since January 2014, the Ningbo Municipal Government, the Ningbo Municipal Committee of the CPC, the Ningbo Municipal People's Congress, and the Ningbo Municipal People's Political Consultative Conference, as well as some departments of the government and the party, have been relocating to the Eastern New Zone, making that area Ningbo's new administrative center.

In 2002, the former subsidiary County of Yin was annexed by Ningbo Municipality and renamed Yinzhou District, which added 1380 square kilometers of land and a population of 730,000 to the Ningbo Municipality. 156 The Yinzhou District Government has been formally building its Yinzhou New Zone (*Yinzhou xinchengqu*) since 2003 with a total area of 33 square kilometers as the new administrative and business center of the Yinzhou District. In Yinzhou New Zone, a "Southern CBD" (*nanbu shangwuqu*) was launched in 2005, which will occupy a total area of 530,000 square meters upon its final completion.<sup>157</sup>

Since the Ningbo Municipality has significantly expanded its territory by annexation, and has been building large-scale new urban cores, including two new CBDs, beyond its traditional downtown where Tianyi Square is located, the location of Tianyi Square is no longer the only ideal location for Ningbo's CBD. Besides, Tianyi Square has proven to be a great success as a retail and public space, and has gained fame as Ningbo's "living room" (*keting*). Therefore, there is no need for the Ningbo government to consider any further plan to redevelop Tianyi Square significantly toward a CBD anymore as previously planned. In short, Tianyi Square has secured itself as a permanent project.

# 4 Concluding Remarks

Today, Tianyi Square has been widely acknowledged as a big success. It is still the largest and most influential mega project of urban redevelopment in downtown Ningbo. All those transformations are the outcomes of the local state-led urban redevelopment regime, in which the NBUCI are referred to as a "city manager" or "city operator." In addition, the Ningbo government never refrained from organizing high-profile promotional campaigns for Tianyi Square.

The post-development governance structure of Tianyi Square has been most remarkably characterized by the partnerships between the NBUCI, the Haishu District Government, and business tenants. While the NBUCI is still a critical player in the management of Tianyi Square as its property owner, the local district-level government departments are in charge of administrative affairs. Influential business tenants are also involved in the management of Tianyi Square through the Tianyi Square Management Committee.

All those urban redevelopment strategies and urban governance mechanisms are largely the adjustments of the local state to market reform and its response to the new demands of governing such new urban spaces as Tianyi Square. The Tianyi Square redevelopment project acted as a prelude to the *Laowaitan* project, which was the second strategic urban redevelopment

project undertaken by the NBUCI. Despite its smaller scale in comparison with Tianyi Square, the *Laowaitan* project contained more interesting and complicated stories, mainly because it had more heritage buildings; in addition there was NBUCI's correspondingly higher-level commitment to heritage conservation, its more symbolized re-interpretation of history and heritage, discourse-building and place-making, as well as its essentially different post-development governance mechanism, in which a unitary governing body was at first non-existent, and later on was being established by the local state, albeit with much weaker governance capacity, and had to deal with atomized individual proprietors. These stories will be discussed in the following chapters.

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to issue bonds for public investment. Provincial governments may issue bonds for themselves or prefectural and county governments below them. Government borrowing has to be undertaken within the annual national limit as approved by the State Council of China or the National People's Congress, and has to be included into government budget. This amendment significantly changes the legal environment in which such urban policy instruments as the NBUCI operate, and may have further implications for China's urban development.

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# Ningbo's Historic North Bank

While the Tianyi Square project involved the redevelopment of the very center of Ningbo's downtown, the *Laowaitan* redevelopment took place on the waterfront. Despite the fact that the area Tianyi Square currently occupies has a longer history, it is the *Laowaitan* redevelopment that strategically utilized historical discourses for designing and marketing the project. In order to fully understand such strategies, I conduct in this chapter a brief retrospective study of the North Bank's history since the First Opium War. In addition, a brief review of the decay of the North Bank is also necessary for understanding the immediate cause of the *Laowaitan* redevelopment. Life stories of former residents of the *Laowaitan* are narrated based on my interviews.

## 1 Origin: The Ningbo Treaty Port

Ningbo is a historic port city, the history of which can be traced back to the Western Zhou (*xizhou*) dynasty (1046–770 BC).¹ During the early years of the Qing dynasty, because of its war against Zheng Chenggong's exile regime in Taiwan, the Qing government completely banned maritime trade in mainland China. In 1685, two years after conquering Taiwan, the Qing government reopened the Ningbo port, and the Zhejiang Customs (*Zhe haiguan*) was set up in Ningbo to deal with foreign trade affairs.²

In 1757, however, the Ningbo port, along with two other Chinese ports, was closed to foreign traders once again except for a very limited number of Japanese and Korean traders. All foreign trade in the Qing Empire was to be conducted only in Guangzhou. The reason was that the Qing government found that some European traders were armed with weapons on their vessels and had attempted to build churches in Chinese port cities.<sup>3</sup> Thus, the Qing government intended to contain the sociopolitical impacts of European traders by limiting foreign trade to Guangzhou.

Yet, the Ningbo port, centered in the *Jiangxia* area, the Fenghua River waterfront outside of the east gate of Ningbo's walled city, still had remained prosperous primarily as a hub of China's domestic trade in the sailboat era.<sup>4</sup> Ningbo's maritime trade administrative authority, as well as Ningbo's premier docklands, had been located in the *Jiangxia* area ever since the founding of Ningbo Prefecture (*Ningbo fu*) in 821 AD on its current location.<sup>5</sup>

The *Laowaitan*, which literally means the "old bund," is the waterfront of the Yong River located on the North Bank at the confluence of three rivers in Ningbo. Until before the First Opium War, the peninsula-like North Bank was largely a desolate and uninhabited area, except for a few fishing villages, and kept in touch with Ningbo's walled city on the south bank only by ferry.<sup>6</sup> On the contrary, the south bank, where the walled city of Ningbo Prefecture was located, had been an established city since 821 AD.<sup>7</sup>

The reopening of the Ningbo port to foreign trade came no more than a century later, in an essentially different way. As a result of the First Opium War, the Sino-British Treaty of Nanjing stipulated the opening of Ningbo as one of the five treaty ports. The first British consul to Ningbo chose the North Bank as the dockland for British merchants to load and unload cargo, because this area was not spatially confined by the city wall, and it had low population and building densities, as well as the apparent locational convenience of using the Yong River for commercial and naval vessels. This decision was also welcomed by Ningbo's local officials, who did not want foreigners to live side by side with local Ningbo people. On January 1, 1844, the Ningbo treaty port was formally opened.<sup>8</sup>

However, in general, the opening of the Ningbo treaty port did not enhance Ningbo's foreign trade as the British had expected. Rather, Ningbo's foreign trade actually declined after its reopening in 1844. The main reason was the rapid development of Shanghai as a new global trade center since its opening, and its absorption of most foreign trade in the

Yangtze River Delta.9 The British even attempted to abandon Ningbo and another disappointing treaty port, Fuzhou, and to request the Qing government to open two new treaty ports in exchange. 10

If this had happened, there would not have been the North Bank with its salient historical significance, not to mention the redevelopment of the Laowaitan in the 2000s. A nationwide political and military event during the 1850s-1860s, the Taiping rebellion, was an actual facilitative factor for the North Bank's real establishment as a modern shipping, commercial, and residential district.

In December 1861, the Taiping army conquered the walled city of Ningbo Prefecture, while the North Bank was under the control of the British and French armed forces. On January 13, 1862, in order to better defend the North Bank and protect Westerners and their interests during the warfare, in the absence of Ningbo's local government, the British, US, and French consuls unilaterally reached an agreement to delineate the boundaries of the inverted triangle-shaped "foreign settlement" (wairen juliu di) on Ningbo's North Bank. According to this agreement, the foreign settlement was basically the area south and east of the old course of the Yuyao River in the North Bank.<sup>11</sup> This peninsula-like area was only connected to the mainland to the northeast by a narrow "neck," the transportation corridor where the highway toward Zhenhai and the railway toward Hangzhou were paved. 12 In order to protect their economic interests, the British and the French allied with the Qing government and finally defeated the Taiping army. This political involvement stabilized their colonial interests and privileges in Ningbo and their connections with the Qing government, leading to further colonial development of the North Bank. 13

Despite apparent colonial characteristics, however, sovereign rights of the North Bank were still nominally retained by the Chinese authority, and Ningbo's local government was involved in building and governing the North Bank. 14 For example, the modern police force (xunbu) in the North Bank, though usually headed by the British, had been under the supervision of Ningbo's local officials<sup>15</sup> until 1909, when the Chinese authority got all police power back and staffed the police force with Chinese personnel only. 16 Thus, the North Bank was different from ordinary foreign concessions (zujie) in other Chinese treaty ports like Shanghai, which were exclusively governed by Westerners.

The real reason for the co-governance of the North Bank by Western and Chinese authorities was that the Ningbo treaty port did not develop as rapidly as Shanghai, Guangzhou, and Xiamen, and the Western population in Ningbo was much smaller. So there was neither a strong demand for a separate administration serving Westerners, nor a sufficient tax base to fund such a separate administration. One piece of evidence is the limited time span of foreign consulates' operation in Ningbo. Since foreign trade had been steadily declining in Ningbo since its reopening in 1844, disappointed foreign firms abandoned Ningbo one after another and moved to more prosperous port cities like Shanghai. Therefore, there was no longer a strong need for regular consulates to deal with foreign trade affairs. 18

The British consulate was the first consulate established in the treaty port of Ningbo. It remained in operation until its shutdown in 1934, thus setting the record as the foreign consulate that had been in operation for the longest time in modern Ningbo. The French consulate was shut down in 1870, and its duties were taken over by the British consulate. Germany, Holland, Sweden, and Norway, each of which had dispatched one vice-consul to Ningbo, withdrew their vice-consuls by 1891. Only the UK and the USA still kept regular consuls in Ningbo by 1891.

The Municipality of Ningbo was established in 1927 under the rule of the Nationalist Government (*guomin zhengfu*) in Nanjing, which dissolved the foreign settlement in the North Bank. Shortly after, in 1929, the Nationalist Government took back the tariff autonomy of the Zhejiang Customs in Ningbo from Westerners.<sup>20</sup>

# 2 THE DEVELOPMENT OF MODERN INDUSTRIALISM AND URBANISM

Alongside the advent of Western traders, missionaries, military and diplomatic officers, and other civilians, the North Bank was driven to the fore of encountering modern industrialism and urbanism in Ningbo. Since the opening of the Ningbo treaty port, consulates or other types of diplomatic institutions of the UK, France, the USA, Germany, Holland, Norway, and Sweden, as well as the Westerner-dominated new Zhejiang Customs, had been established in Ningbo's North Bank one after another.<sup>21</sup> Both Western and Chinese firms began to emerge in the North Bank, for example, Britain's Swire Pacific (*taigu yanghang*) and Jardine Matheson (*yihe yanghang*), Japan's Mitsui (*sanjing yanghang*), and the Qing Empire's China Merchants Steam Navigation Co. (*lunchuan zhaoshang ju*).<sup>22</sup>

The *Laowaitan* was the premier dockland in the North Bank, which was full of docks for passenger and freight transportation. The Ningbo-Shanghai ferry route (*Yong Shen xian*) was the most important one, and was

first put into operation by the American-owned Shanghai Russell & Co. Steamship Company (Shanghai qichang lunchuan gongsi) in March 1862. This ferry route had been kept in regular operation by Chinese, American, British, French, Danish, German, Italian, Norwegian, and Japanese companies from 1864 through 2001 (only Communist China's state monopoly company after 1952), except for only two major suspensions due to the Anti-Japanese War and the Chinese Civil War.<sup>23</sup>

For a long time, the majority of Ningbo people made their journeys through the Laowaitan toward Shanghai, where they accumulated their seed capital and acquired management experience as apprentices, and they regarded Shanghai as their second hometown.<sup>24</sup> In 1892, the annual passenger volume of the Ningbo-Shanghai route was 235,000 passenger trips.<sup>25</sup> In 1946, the Ningbo-Shanghai ferry route carried 85,000 passenger trips per month on average, which ranked among the highest in all coastal routes in China at that time.<sup>26</sup>

By the end of the nineteenth century, the *Laowaitan* area in the North Bank had replaced the Jiangxia area to be the premier dockland in the entire Ningbo in the steamship era.<sup>27</sup> There used to be 20 docks along the Laowaitan waterfront, of which 13 docks were owned by Chinese merchants.<sup>28</sup> The Ningbo port, the center of which had been moved to the North Bank, had a booming industry of passenger transportation. Its annual total volume of passenger transportation increased from 126,000 passenger trips in 1880 to 1,367,000 passenger trips in 1910, and maintained around 3,000,000 passenger trips in the years around 1930.<sup>29</sup>

In addition to water transportation, the Ningbo railway station, the terminus of the Hangzhou-Ningbo railway, was also built in the North Bank during the 1910s.<sup>30</sup> But the station was bombed and destroyed in 1938 due to the Japanese invasion, and it was rebuilt in Haishu District in the 1950s.

Modern public works were introduced in Ningbo for road building, lighting and cleaning services, public health, tap water service, and telephone service, alongside other modern urban spectacles, modern social values, and more business opportunities.<sup>31</sup> In 1898, under the auspices of Westerner-controlled Zhejiang Customs, a Public Works Committee (gongcheng ju) was established to take charge of public works and supervise building activities in the North Bank.<sup>32</sup> In 1899, the Public Works Committee began to build a road along the North Bank's Yong River waterfront.<sup>33</sup> In 1934, this waterfront road was further improved to become a 1.2-kilometer-long and 19.2-meter-wide paved Outer Road.<sup>34</sup>

Western military officers stationed in the North Bank demanded a church and a hospital. With the donations from the Portuguese navy and Manila diocese, the first Catholic church was built by the French Congregation of Priests of the Mission (qianshihui) in the North Bank in 1856.35 Another Catholic cathedral was built on its current location at the Laowaitan in 1872, which was the tallest building in the North Bank upon its completion.<sup>36</sup> In 1876, a bishop's house was added to the cathedral, which housed the bishop of the entire Apostolic Vicariate of Zhejiang (Zhejiang daimuqu).37 The Catholic church took the lead in introducing Western culture and ideology into Ningbo and established medical, educational, press and publication, and charitable institutions, making the North Bank the origin of Ningbo's modern hospitals, schools, newspaper, concerts, and sports.<sup>38</sup>

The Catholic church was also a highly influential player in the governance of the North Bank. Mr. Paul-Marie Reynaud (Zhao Baolu was his Chinese name) had been the bishop in Ningbo for 42 years (1884–1926 AD). During his service, the Catholic church in Ningbo managed to expand its property and influence substantially. For example, the Catholic church purchased a large piece of land along Weed Road (cao malu) to build new abbeys, schools, orphanages, and hospitals, which had a total area of over 70 mu (approximately 46,666 square meters) and a total floor area of over 10,000 square meters.<sup>39</sup> Its controversial ownership of the Yong River bank and waterway adjacent to the cathedral also generated a large amount of rental income for the Catholic church.<sup>40</sup>

Paul-Marie Reynaud had also been actively involved in philanthropy, mainly China's natural disaster relief, and for this he was awarded medals by the pope, the Qing Imperial Court, the French government, and China's Beiyang Government. 41 There was a saying in Ningbo that "The Circuit Intendant's seal is not as powerful as the Bishop's letter" (daotai yike yin, buru Zhao zhujiao yifeng xin), 42 which fully reflected the power and prestige of the Catholic church in modern Ningbo.

The warfare during the Taiping rebellion resulted in a significant increase of population in the North Bank, mostly wealthy or middle-class refugees fleeing from Ningbo's walled city to the safer North Bank. These refugees in turn became an important cause of the emergence of Ningbo's modern real estate industry, which were nested in the famous Shikumen architecture.

Shikumen architecture has been widely studied and publicized since the Xintiandi redevelopment project in Shanghai, where Shikumen architecture was for the first time adaptively renovated and reused for upscale restaurants, bars, and boutiques. However, it was argued that Ningbo,

especially its North Bank, rather than Shanghai, was the home of Shikumen architecture. 43 "Shikumen" literally means low-rise modern residential houses with stone doorframes. It combined Chinese traditional residential architecture from the *Iiananan* region with modern Western townhouse architecture, and suited single migrants and nuclear families in modern urban Chinese society.44

The Shanghai Shikumen had a number of architectural commonalities with the Ningbo Shikumen. However, the Ningbo Shikumen more often used Chinese blue bricks as building materials, while the Shanghai Shikumen widely used red bricks, which represented the stronger influence of colonial architecture. And it was argued that Ningbo merchants, who were the most influential migrant group in modern Shanghai, brought Shikumen architecture to Shanghai. 45 Over the years, Shanghai developed its own Shikumen architecture.

The warfare between the Taiping army and the alliance of the Qing dynasty and the British and the French during the 1860s lasted for half a year in Ningbo, forcing 70,000 refugees to flee from Ningbo's walled city to the safer North Bank. 46 This resulted in a sudden desperate shortage of housing in the North Bank, and, in turn, made real estate a highly lucrative industry in Ningbo. Later on, both Chinese and Western merchants were involved in developing the *Shikumen* residences in the North Bank.<sup>47</sup>

Upon finding the better security situation in the North Bank during the Taiping rebellion, Ningbo's wealthy merchants chose to purchase properties in the North Bank. 48 Later on, some eminent Ningbo merchants who did business out of town also came back to build or purchase houses in the North Bank. Mr. Yan Xinhou and his magnificent Yan's Mansion was an excellent example of this.<sup>49</sup> The North Bank therefore became a significant modern residential district in Ningbo. In the early twentieth century, Shikumen architecture also housed a significant amount of businesses, from groceries, inns, and restaurants to banks, newspaper offices, and printing houses.<sup>50</sup>

By the end of the nineteenth century, the North Bank had become an established modern urban district consisting of mainly three functional zones: (1) a shipping, foreign trade administration, and banking zone centered on Outer Road; (2) a retail zone centered on Middle Road; (3) a residential zone centered on Back Road (hou malu, currently People's Road) where the working class of the shipping industry resided.<sup>51</sup> The North Bank had become the shipping, financial, and business center of Ningbo.<sup>52</sup> In addition, the North Bank had become famous for its Western

or eclectic-style architecture, modern commercial culture, modern urban spectacles, amenities and lifestyle, as well as Western education and religions.<sup>53</sup>

Local Ningbo people recall that in the 1920s, the *Laowaitan* was perhaps the most bustling (*nao meng*) place in Ningbo. Docks cluttered along the waterfront; inns and restaurants mushroomed to serve passengers traveling by ferry or train. Shanghai ferries departed from Shanghai at around 4:00 pm and arrived at Ningbo's *Laowaitan* at dawn the next day, and departed back for Shanghai at around 5:00 pm. The times when Shanghai ferries arrived and departed were the two busiest periods of the day, when porters and wagoners flocked to sell their labor to passengers. Local people, especially the residents living along the Yong River, had for long been used to the whistles of Shanghai ferries early every morning and the following bustle and hustle at the *Laowaitan* for almost half an hour.<sup>54</sup>

When there were few steamships arriving, during 9:00–10:00 am and 2:00–3:00 pm, the *Laowaitan* was quieter and more like a marketplace full of street vendors and street performers.<sup>55</sup> At night, the *Laowaitan* was a quiet paradise for young lovers, who strolled along the Yong River bank, or whispered to each other on stone benches, and enjoyed the breeze from the Yong River.<sup>56</sup>

## 3 THE SOCIALIST DOCKLAND AND COMMERCIAL DISTRICT

Since 1949, the PRC had transformed the North Bank into primarily a shipping and industrial district. The entire North Bank area was incorporated and officially named the "North Bank District" (*jiangbei qu*), one of the three urban districts in Ningbo Municipality.

The financial function of the North Bank was reduced to a negligible level, its cultural and educational functions were also significantly weakened, and its business function was gradually undermined due to the recovery of the Haishu District's commerce. Private docks, residences, factory workshops and warehouses, and public institutions like banks and churches became the subjects of socialist transformation and were soon nationalized by the Communist government, and their properties were expropriated and redistributed to state enterprises and for working-class housing. Housing was distributed on a welfare basis, and only minimal rent was collected from tenants, most of whom were workers in state enterprises.

Yet the Laowaitan remained an important transportation hub and public space until the late 1990s. The Ningbo Ferry Terminal (formally named Ningbo keyun gang, and usually referred to as jiangbei lunchuan matou by local Ningbo people) was established in September 1954 by the Ningbo Port Authority (Ningbo gangwu ju). Its ticket office, waiting room, and baggage room were housed in a number of one-story houses at 54 Outer Road.57

A new building complex of the Ningbo Ferry Terminal was completed in 1980 at a total cost of 1,845,000 yuan. Its main building had a total floor area of 6218 square meters, and its auxiliary building had a total floor area of 2663 square meters, while its signal tower had a total floor area of 269 square meters. It had four waiting rooms, which could accommodate 3000 passengers, and there were seven docks, which occupied a total length of 280.5 meters of waterfront along the Yong River. 58 This new Terminal building complex, which was definitely spectacular in the 1980s' Ningbo, immediately became a new landmark in the North Bank District upon its completion.

The construction of a square in front of the Terminal building complex with a total area of 2048 square meters was started in 1984, and was finally completed in 1991.<sup>59</sup> Private bus operators parking in the square, as well as the Ningbo North Coach Terminal (Ningbo qiche beizhan) about 300 meters west of the Ningbo Ferry Terminal, provided various types of bus services to Ningbo's subsidiary counties like Cixi, as well as neighboring municipalities like Taizhou.

Until 2001, the Ningbo Ferry Terminal regularly operated ferry services to Shanghai and other coastal cities and towns in eastern Zhejiang province, such as Dinghai and Mt. Putuo (putuoshan). The annual total volume of passenger transportation in Ningbo in 1990 was 2,950,000 passenger trips, behind only Shanghai and Dalian in China.<sup>60</sup> The Shanghai-Ningbo ferry was especially significant, and was the most popular means of transportation between Ningbo and Shanghai.

The names of vessels serving the Shanghai-Ningbo route reflected the historical changes over the years in the PRC. In the 1950s, it was named "Democracy" (minzhu hao), which embodied the promise made by the Communist government to the people for the opportunities of political participation and social equality. The name was changed to "Worker-Farmer-Soldier" (gong nong bing hao) in the 1960s and 1970s, reflecting the growing radical leftist sentiment during that period in the name

of the dictatorship of the proletariat or the revolutionary worker-peasant coalition. It was renamed once again since the Reform and Opening-up with a series of Chinese characters related to the meaning of "prosperity" (fan rong chang sheng), which of course was the articulation of the CPC's policy shift toward economic development.<sup>61</sup>

Ningbo people had been very used to overnight ferries, because the price of a ferry ticket could be as low as three *yuan*, and passengers could carry a lot of luggage aboard and avoid one night's accommodation expenditure. In contrast, it cost six *yuan* to take the train to Shanghai, and the journey used to take almost 10 hours until the 1980s. <sup>62</sup> The Shanghai-Ningbo ferry route culminated in the late 1980s and early 1990s. The passenger volume of the Shanghai-Ningbo ferry route accounted for over 60 % of the total passenger volume of all costal ferry routes in Ningbo. <sup>63</sup> According to Lü Zhengqian, former head of the Ningbo Ferry Terminal, about 60–65 % of Ningbo people chose the ferry to travel between Ningbo and Shanghai in the 1980s. During the Chinese New Year, it was very hard to get ferry tickets. <sup>64</sup> At the height of the ferry route's popularity, even hovercrafts were put into operation for the ferry route.

The Shanghai-Ningbo ferry was not only the foremost means of transportation between the two cities, but also the symbolic and affectual embodiment of the historically close connection between them, and the industrious character of Ningbo merchants. Since the beginning of the Laowaitan redevelopment in 2000, there have been influential discourses claiming that the Laowaitan is the spiritual homeland of the Ningbo Clique (Ningbo bang) merchants, because a large number of Ningbo Prefectureborn merchants moved to Shanghai to seek more business opportunities and became eminent business tycoons in modern Shanghai history (many of them moved to Hong Kong after 1949). These included Tung Chaoyung (Dong Haoyun), father of Tung Chee-hwa (Dong Jianhua), the first Chief Executive of the Hong Kong Special Administrative Region; Pao Siu-loong (Bao Zhaolong), father of Pao Yue-kong (Bao Yugang); Sir Run Run Shaw (Shao Yifu); and Li Dak Sum (Li Dasan). It was said that most Ningbo merchants, including but not limited to the aforementioned big names, at first boarded ferries at the Ningbo Laowaitan toward Shanghai's Shiliupu Ferry Terminal (Shiliupu matou), Hong Kong, or other parts the world, to start and expand their business, and thus the Ningbo Laowaitan was the spiritual origin and totem of Ningbo merchants.<sup>65</sup>

Because of the salient importance of the North Bank and the Yong River as a waterway connection between the East China Sea and Ningbo city proper, some parts of the Laowaitan's waterfront had been expropriated and occupied by the People's Liberation Army and Navy. Particularly, the East China Sea Fleet (Donghai jiandui), which is headquartered in Ningbo, used a lot of space in the North Bank as offices, hotels, dorms, and military docks. Those types of military spaces are important elements of the North Bank even today, yet some of them have been relocated due to the redevelopment of the Laowaitan since 2000. Military spaces are largely segregated from other parts of the North Bank, and the general public is never allowed easy access. In addition, Ningbo's local government does not have real authority over those military units, so it is always a tough job to negotiate when the Ningbo government plans land-use changes to military land for Ningbo's urban redevelopment.

Despite the socialist transformation, the Laowaitan still remained an important business district for shopping day-to-day consumption goods and hotel accommodation, which was of course dominated by state-owned commercial establishments. There were also a number of state enterprises related to fishing and freight transportation by water, most of which were located on the waterfront and had their own docks.

Since the Reform and Opening-up, small businesses such as private inns, restaurants, groceries, video game rooms, street vendors, and street performers once again proliferated at the Laowaitan. The Laowaitan used to be a major aquatic products market in the form of both fishing boats on discharging quays, and street vendors and specialized markets. For example, a few brothers in Lu's family opened a small workshop and retail store near the New Bridge to produce and sell pickled bullacta exarata. They finally established Lulong Brothers (lulong xiongdi), a famous Ningbobased aquatic producer now headquartered in Golden Port Building (jingang dasha) on the west side of People's Road in the Laowaitan area.66

As a transportation hub, the Laowaitan used to have many hotels, such as East Asia Hotel (dongya lüshe), People's Hotel (renmin lüshe), and Transportation Hotel (jiaotong lüshe). East Asia Hotel used to be a typical state-owned commercial establishment at the Laowaitan. Its history dates back to the Republican era. For a long time, it had been one of the most famous and biggest hotels in Ningbo. In the PRC era, it had been nationalized. Since 1993, it had belonged to the newly incorporated local state-owned Ningbo Catering Service Company (Ningbo yinshi fuwu gongsi), which operated restaurants, hotels, photo studios, barber shops, and public bathrooms. Salaries, bonuses, and welfare for employees of East Asia Hotel were very satisfactory at that time. 67 The original building

of the East Asia Hotel was a three-storey one built in the Republican era. It was rebuilt as a five-story building in 1993 or 1994, with over 100 guest rooms. Passengers who came to the *Laowaitan* for transfers to Shanghai and Mt. Putuo usually stayed in the East Asia Hotel or other smaller inns for a night to wait for ferries.<sup>68</sup>

In 2000, the East Asia Hotel was reformed to become a joint-stock company named the New East Asia Hotel (xin Dongya fandian), and its former state managers became stockholders. At about the same time, due to the Laowaitan redevelopment, the New East Asia Hotel had to move to a rented property on New Road (xin malu) owned by the North Bank District Party School of the CPC (Jiangbei quwei dangxiao). This removal was also facilitated by the North Bank authority with discounted rent, given the heavy burden of state enterprise reform of the New East Asia Hotel. At that time, just 22 old employees remained to work at the hotel, and all the rest were paid one-off unemployment compensation of about 10,000 yuan for permanent lay-offs. Since then the New East Asia Hotel has been a two-star hotel owned by a private entrepreneur. It was completely privatized in 2008 for 2,920,000 yuan.<sup>69</sup>

# 4 THE DECLINE OF WATER TRANSPORTATION AND THE DECAY OF THE LAOWAITAN

The passenger transportation function of the Ningbo Ferry Terminal in the North Bank had been steadily weakened since the mid-1990s due to the rapid development of expressway and railway transportation. The Shanghai-Hangzhou-Ningbo Expressway was opened in 1998. Since then, there were 68 inter-city buses operating everyday between Ningbo and Shanghai, and the bus travel time was reduced to four hours. To Due to the much lower frequency and slower speed of overnight ferries, the passenger volume of ferries dropped sharply, and ferry companies suffered from serious deficits. Some companies stopped operations before the permanent termination of the Ningbo-Shanghai ferry route in June 2001.

In addition, the "Sanjiang Cultural Corridor" (sanjiang wenhua changlang) scheme explicitly requested that the Ningbo Ferry Terminal be removed from its current strategic location that was to be reserved for cultural and landscaping projects. Meanwhile, China's Ministry of Transport stipulated in 2001 that if the Ningbo-Shanghai ferry route, as well as all other coastal routes, intended to remain in operation, ferry companies had to upgrade all vessels' safety devices, for example, installation of black boxes, which would cost over five million yuan for each vessel.<sup>72</sup>

This expenditure would undoubtedly have been unaffordable for ferry companies that were suffering from serious deficits.

Eventually, it became impossible for the ferries to operate anymore in an economic sense. On June 23, 2001, the last overnight Shanghai-Ningbo ferry boat, the "Tianfeng" (tianfeng hao), arrived at the Ningbo Ferry Terminal with over 330 passengers. This was the end of the 140year history of the Ningbo-Shanghai ferry route. A group of Shanghainese passengers even organized a special trip from Shanghai by this ferry to experience its farewell operation, which had embodied rich collective memories of both Ningbo and Shanghai.<sup>73</sup>

The freight transportation function of the Yong River had dwindled at an even faster pace than passenger transportation after the development of the deep water port of Beilun (Beilun gang) in 1978, which is near the estuary of the Yong River, some 40 kilometers northeast of the Laowaitan. The rapid development of container transport made the shallow water of the Yong River increasingly unsuitable for modern freight transportation, and thus, a number of freight wharfs at the Laowaitan had become obsolete and almost abandoned, only used for seasonal docking of fishing boats and cargo boats.

Like most Chinese cities before the Reform and Opening-up, Ningbo had long suffered from poor infrastructure and housing conditions. The situation in Ningbo was especially bad, because it was considered the frontline of China's coastal defense (haifang qianxian) in the global Cold War context,<sup>74</sup> and thus, had much less state investment than big inland cities like Xi'an. Since there had been little progress, until the 1970s, the historic public buildings at the Laowaitan, which dated back to the late Qing and Republican eras, were still the finest buildings in Ningbo. 75 And the former Commercial Bank of China (Zhongguo tongshang yinhang) building, which had been used by the People's Bank of China Ningbo Branch since the 1950s, was still the tallest building in Ningbo until the 1980s.<sup>76</sup>

The positioning of the North Bank as an industrial district made its infrastructural conditions and living environment the worst among Ningbo's three urban districts: the Haishu District, the North Bank District, and the East Bank District. Most pollutant factories were placed in the North Bank District: iron and steel works, a power machine factory, cement works, and a sulfuric acid plant. Residents of the North Bank District used to be categorized as Ningbo's inferior citizens.

The Laowaitan was full of over-crowded, disorderly, and dilapidated buildings, and illegal additions to the original historic buildings increased the building and population density of this area to the maximum.<sup>77</sup> Households had to share kitchens, water taps, and ammeters. In the whole area of the *Laowaitan*, there was only one building that had a flushing toilet, a three-story structure that accommodated over ten households. Wooden structures suffered from woodworms, and thus often leaked during rains.<sup>78</sup>

Before the redevelopment, the *Laowaitan* also used to be a major place for the underground economy. As reported in the *Ningbo Daily* in 2001, some hair salons in the *Laowaitan* area illegally provided cosmetological and massage services, which often had the connotation of sexual services in the Chinese context. This sounded particularly unacceptable in cases where the hair salons rented properties of municipal-level heritage buildings like Zhu's Residence (*Zhu zhai*) to provide such indecent services. Zhu's Residence is located at the intersection of Middle Road and Yangshan Road (*yangshan lu*) and houses today's Tiancheng Mansion restaurant (*tiancheng fudi*).

In addition to low-lying terrain and poor drainage facilities, the water-front location of the *Laowaitan*, which was its advantage for shipping functions, turned out to be a nightmare for residents. Due to long-term disrepair of flood control facilities, the *Laowaitan* badly suffered during typhoons, rainstorms and the resultant river water encroachment, and was often seriously waterlogged.

The *Ningbo Daily* reported several cases during the late 1990s and the early 2000s that the *Laowaitan* had badly suffered from typhoons and was waterlogged. In mid-August 1997, the *Laowaitan* was flooded by Typhoon No. 11. Many households who lived on the first floor had to move their home appliances to their neighbors' homes upstairs. The water level in some houses reached waist height. In late August 2000, the entire Middle Road of the *Laowaitan* was flooded by Typhoon Prapiroon (*pai bi an*), becoming almost a canal, and over 160 households on Middle Road became victims. Just half a month later, in mid-September 2000, Typhoon Saomai (*sang mei*) hit Ningbo at record-breaking intensity, scope, and length of time. In the *Laowaitan* neighborhood, almost all the 700 households were flooded, with the highest water level of about one meter; the residents had to elevate their furniture and home appliances atop tables and chairs to avoid their being submerged, and some of them stayed awake throughout the night when the water level was the highest.<sup>80</sup>

Mr. He Jianmin, deputy mayor of Ningbo in charge of urban construction at that time, said that he had visited residents affected by typhoons in the *Laowaitan* area for three consecutive years. In the first year, the

residents thanked He Jianmin; in the second year, he felt very sorry that the situation had not improved; in the third year, he felt so embarrassed that he even hesitated to visit.<sup>81</sup> The demand of the residents for redevelopment put a lot of pressure on the Ningbo authority. The great losses caused by Typhoon Saomai forced the Ningbo authority to start urban redevelopment as soon as possible in all of Ningbo's low-lying and waterlogged areas. The Ningbo government promised the affected residents at the Laowaitan that the government would be responsible for relocating them to better-quality estates immediately after the typhoon.<sup>82</sup>

Like the area which Tianyi Square now occupies, the *Laowaitan* was actually just another example of neighborhoods in Ningbo that had badly suffered from poor infrastructural and housing conditions, which were commonplace in the city prior to a series of large-scale urban redevelopment projects starting from the early 2000s. Most of the residents at the Laowaitan who were economically capable had already fled to other dwellings prior to the redevelopment. Therefore, the Laowaitan would undoubtedly be the subject of urban redevelopment aimed at improving Ningbo's infrastructural and housing conditions, and eliminating lowlying and waterlogged neighborhoods. These kind of projects, including Tianyi Square and the Laowaitan, would also be financed by both government budgets and commercial real estate development.

#### 5 LIFE STORIES OF FORMER RESIDENTS

Through the assistance of the Laowaitan Residents' Committee (Waitan shequ juweihui) and the Catholic church located at the Laowaitan, as well as my personal connections, I managed to interview seven former residents of the Laowaitan area, including two who previously lived near the Catholic cathedral. Five of them had their homes relocated due to the landscaping project surrounding the cathedral in 2000-2001. The other two were former residents of old neighborhoods very close to the redeveloped Laowaitan. In terms of income level, three were low-income residents, and the other four were middle-class.

Ms. P used to be a resident of the *Laowaitan* living on Middle Road. As she recalled, before the Laowaitan redevelopment, an ordinary household of three or four usually only had a living space of slightly more than 20 square meters. Three generations of P's family of four lived together in the dorm distributed by her mother-in-law's work unit. The dorm was actually a big single room in a three-story wood-brick building, and their room did not even have a window. They used wooden panels to divide the room into a living room and bedrooms. Her family had to share a kitchen, toilet, and water tap with other households in neighboring buildings. In summer, her family often had meals on Middle Road together with her neighbors. Most of her neighbors were also workers in state factories in the North Bank District, who also lived in work unit-owned dorms. There were some retail stores and street vendors on Middle Road.<sup>83</sup>

Ms. P's family suffered badly from river water encroachment and flooding at the *Laowaitan*. Flood control measures on the Yong River bank did not work well, and the Yong River water flowed backward through sewage pipes onto the riverbank and streets. When a typhoon was coming, Ms. P's family would move home appliances onto beds or even upstairs to their neighbors' homes in advance to avoid damage by water. Serious cases of flooding occurred every two or three years. Hs. P's life at the *Laowaitan* before redevelopment was quite similar to other interviewees'. They or their family members got housing allotted by their work units. Their homes were small and badly equipped, and often suffered from typhoons and heavy rains.

Despite all those hardships, Ms. P said that the life at the *Laowaitan* was very convenient, and the *Laowaitan* was a very bustling place. There were primary schools, hospitals, a post office, two food markets, Ningbo Number Five Department Store (*Ningbo diwu baihuo gongsi*), Ningbo Number One Non-Staple Food Market (*Ningbo diyi fushipin shichang*), and a large number of small businesses in the *Laowaitan* area. Across the New Bridge was the *Dongmenkou* area in Haishu District, the traditional commercial center of Ningbo. The *Laowaitan*'s residents considered themselves urban dwellers (*chengli ren*). <sup>85</sup> Indeed, the urban-rural divide in the PRC has been very deep since the late 1950s, and urban dwellers have been the privileged population. For a long time, Ningbo's urbanized areas and urban population were very small. No more than two kilometers north of the New Bridge, the White Sand Road (*baisha lu*) area used to be farmland in the pre-reform era.

In contrast, Mr. C's story gives an example of more historically rooted families who had lived at the *Laowaitan* for generations, and had owned their homes as private property prior to the redevelopment. Mr. C's family has been Catholic for several generations. I met him after Mass at the Cathedral at the *Laowaitan*. Mr. C's paternal grandfather was originally from Wenzhou and was in the leather trade. In the early twentieth

century, he moved to Ningbo and purchased a three-story house near the Cathedral for ten gold ingots. Most of the neighboring houses were properties of the Catholic church. Most of these church properties were expropriated by the Communist government during the Cultural Revolution, and some of them were returned to the Catholic church in the 1980s. Mr. C's father's generation had nine brothers and sisters in total. Mr. C was born in 1968 in this house.86

As Mr. C recalled, his grandfather's home at the *Laowaitan* used to be a place of family reunion, where all family members could get together after Mass at the cathedral every Sunday, as well as on important festivals such as Christmas. Mr. C's grandfather was an active member of the Catholic church, and he knew most of his neighbors well. During Christmas, he often played Santa Claus at the church. Needless to say, families such as Mr. C's were more attached to the *Laowaitan* as a community full of family memories and social networks.

### CONCLUDING REMARKS

Ningbo's historic North Bank originates from the roots of modern Ningbo as a treaty port, and took the lead in the development of modern industrialism and urbanism in modern Ningbo. During the pre-reform PRC era, the North Bank was transformed into a socialist dockland and commercial district. Since the mid-1990s, the historic North Bank experienced serious decay alongside the decline of water transportation and the deterioration of infrastructural and housing conditions. Ultimately, such decay resulted in the Laowaitan redevelopment, in which the history of the North Bank was strategically used for designing and marketing purposes. This will be discussed in the next chapter.

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## The Redevelopment of the Laowaitan

The Laowaitan is the second strategic urban redevelopment project undertaken by the NBUCI, and it implies the initial maturation of Ningbo' local state-led urban redevelopment regime. On the one hand, the Laowaitan is distinct from Tianyi Square in terms of its historical significance and waterfront location and the corresponding urban design and discourse construction. On the other hand, the Laowaitan also shares a lot of commonalities with Tianyi Square, given that the two facets of Ningbo's local entrepreneurial state can still be found as the determining factors of the project. This chapter will discuss the mechanism of the Laowaitan redevelopment project in detail.

### 1 PLANNING THE LAOWAITAN REDEVELOPMENT

### 1.1 The Sanjiang Cultural Corridor

Ningbo is a city that has been historically a hub of water transportation and trade. In addition to improving Ningbo's infrastructural and housing conditions, in order to upgrade Ningbo's industrial structure and overall competitiveness and correspondingly transform Ningbo's urban spatial layout, since 2000, there have been a series of urban planning schemes aiming to significantly redevelop Ningbo's waterfront along the three rivers in Ningbo's three urban districts to be premier cultural and

landscaping domains. The rationale was that Ningbo's cultural undertakings were considered to have lagged far behind its economic growth, and Ningbo's downtown waterfront areas were considered ideal places for new cultural projects. As stated in the project proposal for the Ningbo Museum of Art, among the 36 largest Chinese cities in 1997, Ningbo was ranked 13th in terms of economic competitiveness, but was ranked 27th in terms of cultural competitiveness.<sup>1</sup>

Therefore, in 2000, the Ningbo government put forward *The Decision* for Accelerating the Reform and Development of Cultural Undertakings (guanyu jiakuai wenhua gaige he fazhan de jueding) and "The 10th Five-Year Plan for Cultural Development of Ningbo" (Ningbo "shi wu" wenhua fazhan guihua) as guidelines. Since those culture-oriented projects are targeted at Ningbo's three major rivers and the waterfront on both sides of the three rivers, the projects have been named "Sanjiangliu'an," which literally means "six pieces of bank along the three rivers," or "Sanjiang Cultural Corridor."

At the initial stage, in March 2000, this scheme began with landscaping projects on four pieces of land. Two pieces of land in the North Bank District were centered around two building complexes: the Cathedral complex (built in 1872) plus the former Commercial Bank of China (built in 1930), and the *Lanjiang* Theater (*lanjiang juyuan*). All other surrounding dilapidated buildings were demolished to give way to landscaping projects dedicated to giving prominence to the landmark buildings. The total area of the projects was 53,800 square meters, and the total area of green space was 36,000 square meters. For this project, 150,000 square meters of buildings were to be demolished, and 144 work units and other organizations and 1100 residential households were to be relocated.<sup>2</sup> These projects were completed by December 2000.<sup>3</sup>

Like the Tianyi Square project, the detailed architectural plan of the Sanjiang Cultural Corridor was obtained through public bidding from urban planning and design institutes and publicity among Ningbo citizens. From January to April 2000, the Ningbo authority solicited design schemes for the proposal "Urban Design of Core Waterfront Areas and Concept Plan of Six Pieces of Bank Along the Three Rivers" (hexin binshuiqu chengshi sheji ji Sanjiangliu'an gainian guihua). Four sets of schemes from Chinese, American, and Japanese institutes were solicited, which were further amended by Ningbo's local institute after feedback from Ningbo citizens. <sup>5</sup>

This Sanjiangliu'an scheme was later integrated with the Sanjiang Cultural Corridor under the campaign "Building a Great City of Culture" (jianshe wenhua da shi),6 which was put forward at the nineth Ningbo Municipal Congress of the CPC (Ningbo shi dijiu jie dangdaihui) in 1999.<sup>7</sup> In August 2000, the Ningbo authority decided at its cultural work meeting (wenhua gongzuo huiyi) that the Sanjiang Cultural Corridor would consist of two sets of cultural facilities centered around Ningbo's historic Sanjiangkou and the New Sanjiangkou (xin Sanjiangkou) around the Wantou area on the upstream Yuyao River waterfront. The two parts would be linked by a riverside promenade, and thus, the total length of the Sanjiang Cultural Corridor would be four kilometers, and the total area would be five square kilometers. In this context, some pieces of waterfront land, which had been leased to developers for residential development projects earlier, were purchased back by the Ningbo government for cultural projects.9

Prior to 2000, though Ningbo's overall urban construction had lagged behind all other four cities specifically designated in the State Plan (jihua danlie shi) in China, namely, Dalian, Qingdao, Xiamen, and Shenzhen, Ningbo's Haishu District and the East Bank District had already benefited from the first round of large-scale urban development projects since 1994, mainly development along Sun Yat-sen Road in Haishu District and the eastward urban expansion in the East Bank District. Yet, there had been no strategic urban development project undertaken in the North Bank District until the Sanjiang Cultural Corridor project.<sup>10</sup>

Although the Sanjiang Cultural Corridor scheme would place projects in all of Ningbo's three urban districts, the North Bank District was to some extent more involved. The Ningbo Museum of Art, the Ningbo Grand Theater (Ningbo da juyuan), two of Ningbo's Eight Mega Cultural Facilities (ba da wenhua sheshi), as well as the Ningbo City Exhibition Hall (Ningbo chengshi zhanlan guan), were to be built in the North Bank District. 11

It was decided by the Ningbo authority that the North Bank District would be transformed from primarily an industrial and shipping district to a district of cultural, tourism, and leisure industries. A large area of factories, warehouses, docks, and dilapidated neighborhoods in the North Bank District would either be demolished to give way to new buildings or be renovated and reused for new purposes. Therefore, the transformation of the North Bank District by industrial upgrading and city beautification was to be more dramatic than that of the other two urban districts.

For the North Bank District, the *Sanjiang* Cultural Corridor scheme was indeed a golden opportunity for development. Therefore, it was a priority project for the North Bank District authority whose propaganda apparatus was directed to extensively report on the scheme; suggestions from People's Congress deputies and People's Political Consultative Conference members in the North Bank District were solicited, and a series of policy research projects regarding factory relocation, propaganda strategy, tourism development, and inward investment attraction were initiated.<sup>12</sup>

As a result, since 2000, some freight railway lines in North Bank District that had blocked urban traffic were removed, a number of pollutant factories and warehouses, such as steel mills, cement warehouses, and coal yards, were either shut down or relocated, and infrastructure like roads and bridges was significantly improved, coupled with large-scale landscaping projects. <sup>13</sup> Flood control works were incorporated with the infrastructural, cultural, and landscaping projects in the *Sanjiang* Cultural Corridor project. According to the directives of the Zhejiang Provincial Government, all such flood control works in Ningbo Municipality, including works along Ningbo's downtown waterfront, were to be completed by 2004. <sup>14</sup> Flood control works started in May 2001 would demolish five docks and over ten state enterprises located along Outer Road. <sup>15</sup>

The *Laowaitan* redevelopment project was undertaken specifically in the context of such fundamental functional and spatial transformations of Ningbo's downtown in general and North Bank District in particular, as envisioned in the *Sanjiang* Cultural Corridor scheme. The *Laowaitan*, which was still simply referred to as "Cathedral-Outer Road historic district" (*tianzhujiao tang wai malu lishi wenhua jiequ*) at that time, was an integral part of the *Sanjiang* Cultural Corridor.<sup>16</sup>

## 1.2 The Xintiandi Inspiration for Historic Conservation and Discourse Construction

Ningbo was designated as one of China's "national famous historic and cultural cities." Due to the architectural value of its historic buildings, the *Laowaitan*, or "Cathedral-Outer Road historic district" as referred to in 2000,<sup>17</sup> was among Ningbo's six "conservation zones of historic sites" (*lishi wenhua baohu qu*).

Previously, redevelopment of historic districts in Ningbo, as well as many other Chinese cities, often adopted the approach of wholesale

demolition of old neighborhoods except for a small number of individual and scattered historic buildings and relics. New buildings either adopted traditional Chinese architectural styles, and were thus accused of being "fake relics" (jia gudong), or adopted completely contemporary architectural styles. The former is what happened to Ningbo's Drum Tower (Gulou) historic district and City God Temple historic district during their redevelopment in the mid-1990s, and the latter was adopted for the development of Tianyi Square.

However, the *Laowaitan* redevelopment was neither going to produce fake relics nor going to ruthlessly wipe off a large area of old neighborhoods and build completely contemporary commercial spaces. This time, the Ningbo authority decided to preserve both the original historic buildings and relics and the overall texture and scale of the Laowaitan historic district. This approach entails both conservation and adaptive reuse of the original architecture and new construction that conforms to the original architectural style and scale. While it cannot be denied that the Laowaitan does embody significant historical and architectural values, there are still some other factors that contributed to the decision to conserve the entire district, which can be generalized as follows:

First, the Laowaitan's location is not as central and strategic as Tianvi Square's. Tianvi Square, at the very center of downtown Ningbo, is considered the most valuable land that should demonstrate the best image of Ningbo and provide open spaces for its citizens and visitors. Bounded on both the north and the south by the elite business streets in the city, Tianyi Square is destined to be a premier domain for commerce and urban public space. This is the rationale of its design that combines a large area of shopping malls with a big central square. In contrast, the *Laowaitan*, located in the North Bank District and primarily an industrial and shipping district, was much less valuable as a showcase project and for commerce. This is the reason that it did not have as great and as urgent a pressure for redevelopment as did Tianyi Square.

Second, the total area of the *Laowaitan* is much smaller than that of Tianyi Square. While Tianyi Square covers a total area of 193,000 square meters, the total area of the Laowaitan finally completed by the NBUCI was just 42,971.7 square meters, less than one-fourth of that of Tianyi Square. Thus, due to its small scale, the Laowaitan would not be an ideal location for large-scale projects of new construction like Tianvi Square. If it was dedicated to historic conservation, however, it would turn out to be much more viable because the cost of a smaller-scale conservation project is relatively reasonable.

Third, the Shanghai *Xintiandi* project provided a perfect exemplar of combining historic conservation with commercial real estate development when the *Laowaitan* project was being considered. This inspiration was very illuminating for the Ningbo authority to conceive of alternative approaches to either constructing "fake relics" or simply new constructions with no consideration of historic conservation.<sup>18</sup>

At the time when the Ningbo authority was thinking of redeveloping the *Laowaitan*, the Shanghai *Xintiandi* project was just about to be completed as a gift for the 80th anniversary of the CPC on July 1, 2001. The *Xintiandi*'s ability to combine historic conservation with commercial property development and its creation of an internationally oriented, nostalgic, and petty-bourgeoisie atmosphere immediately intrigued widespread curiosity and attempts of emulation across China. In order to understand how the Ningbo *Laowaitan* has been redeveloped, it is necessary to first discuss the *Xintiandi* project.

The *Xintiandi*, which literally means "new heaven and earth," is part of the *Taipingqiao* area redevelopment project in Shanghai. It has been a pioneering and unprecedentedly successful property-led urban redevelopment project in China since its completion in 2001. It is centrally located in downtown Shanghai, China's largest city and also one of the emerging global cities. The project is undertaken in the form of public-private partnerships between the municipal and district governments of Shanghai and the Hong Kong-based developer Shui On (*rui an*). Designed by MIT-trained American architect Benjamin Wood, it for the first time in China demonstrates the combination of historic conservation, characterized by adaptive reuse of the *Shikumen* architecture, and commercial property development. And it consciously creates and boasts its internationally oriented, nostalgic, and petty-bourgeoisie atmosphere in this high-end consumption place, which makes people imagine the elegance of modern Shanghai as "Paris of the Orient."

The site of the First National Congress of the CPC (*Zhonggong yida huizhi*) is an integral part of the *Xintiandi*, and has been well preserved and renovated in the redevelopment. The grand opening of the *Xintiandi* was tactfully scheduled in conjunction with two high-profile events: the 80th anniversary of the CPC<sup>20</sup> and the 9th Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting in Shanghai in 2001.<sup>21</sup> The *Xintiandi* not only claimed itself to be a special gift to the CPC's anniversary, but was also designated as one of APEC's four official scenic spots for the reception of such eminent politicians as Jiang Zemin, Vladimir Putin, and Goh Chok Tong.<sup>22</sup> It has become a new landmark of contemporary Shanghai almost overnight.

The implication of the *Xintiandi* redevelopment model has gone far beyond Shanghai, as it has become the de facto "norm" of commercial urban redevelopment in China and has stimulated a number of enthusiastic emulations by many other Chinese cities, <sup>23</sup> and has attracted numerous scholarly studies both in China and abroad from a variety of disciplines and perspectives.<sup>24</sup>

Almost immediately after the Shanghai project, Shui On received an invitation from Hangzhou, capital of Zhejiang province about 180 kilometers southwest of Shanghai, to bring its expertise in commercial real estate to the redevelopment of Hangzhou's Nanshan Road (nanshan lu) on the West Lake waterfront.<sup>25</sup> The outcome is the Xihu Tiandi. Although its architectural design is somewhat different from the Shanghai Xintiandi, in that the techniques of Chinese traditional garden-building of the Jiangnan region are widely used and it is incorporated with the natural landscape and tourism facilities of the West Lake, <sup>26</sup> its management and marketing strategies are basically the same. The proactive role of the Hangzhou government in the Xihu Tiandi project is salient because its invitation was central to Shui On's extension of the Xintiandi redevelopment model into a new city almost immediately after the Shanghai project. Later on, the Chongqing government and the Dalian government also got their own Chongqing Tiandi and Dalian Tiandi by taking the initiative to invite Shui On for investment.<sup>27</sup>

After completing the Hangzhou project, Shui On clearly detected the high enthusiasm of Chinese cities to introduce first-class developers to join their efforts in urban redevelopment, and thus became confident enough to further extend its Xintiandi model like a chain brand across China. So far, Shui On has built up its "Xintiandi system" in a number of Chinese cities, including Shanghai, Hangzhou, Chongqing, Wuhan, Dalian, Foshan, Chengdu, and Shenyang.<sup>28</sup>

Interestingly, despite its rapid expansion since the Shanghai project, Shui On has never fully met the huge demands of Chinese cities for their ambitious property-led urban redevelopment, because there were more cities which wanted to invite Shui On than it could accept. It was said that there had been about a dozen Chinese cities that had invited Shui On to undertake urban redevelopment projects, including such cities as Hangzhou and Chongqing that have realized their dreams.<sup>29</sup>

More cities outside the Shui On Xintiandi system have to turn to alternative developers and mechanisms. Diverse urban redevelopment regimes have emerged, the common aim of which is more or less to emulate the

success of the *Xintiandi*. Nowadays this kind of culture and consumption complexes undertaken by developers other than Shui On have been claimed to exist in a number of cities. These projects deserve further investigation, because, despite their seemingly similar physical appearances and marketing strategies to the Shanghai *Xintiandi* and other projects in the *Xintiandi* system, they still reflect significant variations in terms of their local and trans-local contexts, impetus and implementation, methods of resident relocation and functional transformation, place marketing and management mechanisms, and socio-economic consequences. Ningbo is definitely among this long list of cities that have explored the possibility of emulating the *Xintiandi* model when undertaking its own urban redevelopment projects.

Why not emulate the Xintiandi model for the Laowaitan?

This question must have been raised for serious consideration and discussion by the Ningbo authority when the proposal of the Laowaitan redevelopment project was formally conceived. Ningbo, a booming city just 200 kilometers south of Shanghai, and a city always claiming to have close historical connections with Shanghai, was of course among the foremost cities to be inspired by the Shanghai Xintiandi. The Laowaitan, a historic district somehow akin to the Shanghai Xintiandi, seemed to be a perfect venue to experiment on the Xintiandi model in Ningbo. To the Ningbo authority, the Xintiandi model seemed to be able to serve the ends of historic conservation in the form of property-led urban redevelopment and did not demand a large amount of government funds. Bai Xiaoyi explicitly recognized that the inspiration of the Xintiandi was crucial and profound for the *Laowaitan* redevelopment.<sup>30</sup> Later on, even the fact that he was a native of Shanghai was said to have some implications for the Ningbo-Shanghai connection and Ningbo's attempt to emulate the Xintiandi.31

In addition, the NBUCI was undertaking the Tianyi Square project, the financing and operational mechanisms of which would be a very useful reference and experience for the *Laowaitan* redevelopment project. The positive socio-economic outcomes of the Tianyi Square project, though just surfacing when the NBUCI was about to launch the *Laowaitan* project, had given the NBUCI significant confidence in undertaking the *Laowaitan* project. As Bai Xiaoyi wrote, "[O]n the day when [Tianyi Square] was holding its opening ceremony, seeing the joyful and even excited facial expressions of hundreds of thousands of [Ningbo] citizens and visitors from out of town, I felt what we had done is correct."<sup>32</sup>

The confidence derived from the Tianyi Square project was prevalent in the Ningbo authority at that time.<sup>33</sup> The NBUCI's undertaking of the Tianyi Square and Laowaitan projects also brought Bai Xiaoyi the award of Top 10 Managers of Commercial Real Estate Projects in China (Zhongguo fangdichan shi jia shangye dichan lingjun renwu) in 2003.34

As well demonstrated by the Xintiandi project, history and heritage architecture, which were previously regarded as only good for nonprofitable showcase projects of historic conservation, had turned out to be also positive contributors for exotic cultural consumption and highly attractive and lucrative commercial real estate projects. Based on research on Shanghai's modern history and the Shikumen architecture, Shui On and its partners, such as the American architect Benjamin Wood, managed to amazingly reinterpret and re-exploit Shanghai's modern history and heritage architecture and to employ highly sophisticated techniques of architectural design, marketing, and management to redevelop the Xintiandi.

As stated by Bai Xiaovi, for the *Laowaitan* redevelopment, the problem was not whether the Ningbo authority should preserve culture and heritage; the problem had turned to be how culture and heritage could boost economic development.<sup>35</sup> An apparent conservation preference can be found in this discourse. This approach was of course very costly, mainly due to the cost of renovating fragile structures of heritage buildings and re-laying various underground pipelines without significantly modifying those buildings. However, in order to restore the Laowaitan's historic beauty, as required by the Ningbo government, the NBUCI would do its best to rehabilitate each building regardless of cost.<sup>36</sup>

Aside from adaptive reuse of the Shikumen architecture, the Xintiandi model has demonstrated the sophisticated technique of constructing symbolic discourses that lead consumption trends. History has been fully reinterpreted and utilized to create a high-end conspicuous consumption atmosphere, which has become testimony to consumers' social status. This also intrigued emulation by the Laowaitan in Ningbo. As shown in the Xintiandi project, the colonial legacies left by various Western powers prior to 1949, along with other episodes of modern Chinese history, which had always been criticized as the evidence of Western imperialism and modern China's humiliations, would turn out to be rich resources conducive to a successful commercial real estate project.

For example, an advertisement in the *Ningbo Daily* on August 1, 2004, claimed that, "the surname of each proprietor will be carried and passed on by classic architecture over hundreds of generations; the majority will be visitors of the *Laowaitan*, and only the minority will be its owners." (*Laowaitan meiyige zhuren de xingshi, dou jiang touguo jingdian de jianzhu chuancheng baishi; duoshu ren zuo Laiwaitan de keren, shaoshu ren zuo Laowaitan de zhuren.*) These symbolic and aestheticized discourses also meet the psychological demands of certain consumers, who have transcended pure material consumption and have been in search of meaning-seeking cultural taste and exotic subjects of consumption.<sup>37</sup>

### 1.3 The Naming of the Laowaitan

Before the *Laowaitan* redevelopment, whoever knew that there was another *Waitan* in Ningbo? And whoever believed that, as indicated in the very name *Lao-Waitan*, this *Waitan* even had 20 years' longer history than Shanghai's famous Bund?

First of all, the name *Laowaitan* is largely the product of marketing strategies for the *Laowaitan* redevelopment project. As mentioned earlier, *Laowaitan* literally means the "old bund," which has explicit reference to the Bund (*Waitan* in Chinese) in Shanghai. Actually, the *Laowaitan* was not an isolated case of marketing and naming new development projects with reference to Shanghai's Bund, but a common rhetorical practice for such kind of projects being used in a number of Chinese cities, such as Chongqing, Wuhan, Nanjing, and Guangzhou, during the 2000s. All of those projects intended to take advantage of the nationwide fame of Shanghai's Bund to promote their own waterfront districts. It is difficult to know exactly who first appropriated the name *Waitan* for the waterfront in Ningbo's North Bank. But it is very obvious that the name began to be widely used only after the Ningbo authority adopted it for marketing this urban redevelopment project.

There has been an explanation that the shape of the foreign settlement in the North Bank was bounded by the Yong River and the Yuyao River, making the North Bank resemble the English letter "Y," so Westerners began to call this area "Y-Town." Indeed, the foreign settlement in the North Bank used to be a separate town from the walled city of Ningbo Prefecture in an administrative sense. Afterward, "Y-Town" was transliterated by local Ningbo people as "wai-tan" in Chinese. 39 There has been an upscale restaurant at the Laowaitan named "Y-Town Clubhouse"

(Waitan huiguan) since 2002, which rents property from the Catholic church. However, "Y-Town" is still unfortunately not a convincing explanation that has been verified by serious historical research.

It is even more difficult to understand another marketing claim that Ningbo's Laowaitan has 20 years' longer history than Shanghai's Bund. This claim has been widely publicized in various forms of publications and newspaper reports<sup>40</sup> ever since the beginning of the *Laowaitan* redevelopment and has been widely accepted among the Ningbo people, although there has never been any serious research explaining how the Laowaitan was 20 years older than Shanghai's Bund.

Both Shanghai and Ningbo were among the five treaty ports according to the Sino-British Treaty of Nanjing signed in 1842. As requested by Robert Thom, the first British consul to Ningbo, Ningbo was officially opened as a treaty port on January 1, 1844, in the North Bank.<sup>41</sup> This was the starting point of the North Bank as a modern commercial and shipping district, where the Laowaitan was located. While in Shanghai, although the treaty port of Shanghai was opened on November 17, 1843,42 the British Concession in Shanghai was officially delineated by The Shanghai Land Regulations (Shanghai tudi zhangcheng) on November 29, 1845.43 The Bund was the premier dockland in the British Concession along the Huangpu River.

Even though the actual opening date of Shanghai's British Concession was one year later than that of Ningbo's foreign settlement in the North Bank, it is still hard to understand how the Laowaitan has 20 years' longer history than Shanghai's Bund. Neither the Laowaitan nor the Bund had been important docklands or business districts prior to the treaty port era. Rather, both of them were originally uninhabited natural riverbanks that had not even had man-made embankment. Thus, the claim about the Laowaitan's longer history should be more appropriately understood as a marketing strategy of the Ningbo authority for the Laowaitan redevelopment project. As shown in the Xintiandi project, history can be unique selling point for commercial real estate development.

Although the colonial legacy of the Laowaitan turned to be an advantage for market-oriented discourse construction, previous interpretations of this part of history, which were often characterized by nationalistic indignation due to China's humiliation by Western powers, still persists in an altered form in the marketing discourse of the Laowaitan redevelopment project. It was claimed that the Laowaitan would be a good place for Chinese people to better understand China's humiliations in the

modern era, and know why only the CPC is able to lead China to strength and prosperity. It is interesting to notice that the high-end conspicuous consumption atmosphere at the *Laowaitan* would be expected to stay in harmony with political discourse legitimizing the CPC regime, just like what has been shown at the *Xintiandi* where the site of the 1st National Congress of the CPC is located. Actually, the redeveloped *Laowaitan* would become a municipal-level Patriotic Education Base (*aiguo zhuyi jiaoyu jidi*) in Ningbo shortly after the completion of its redevelopment.

### 1.4 Proposing and Approving the Laowaitan Redevelopment

The undertaking of the *Laowaitan* redevelopment would be another exemplar of Ningbo's state-led urban redevelopment regime directed by the Ningbo government and undertaken by the NBUCI. The Ningbo authority had been working on the *Laowaitan* redevelopment as part of the *Sanjiang* Cultural Corridor since 2001, when Tianyi Square was still being constructed. The *Laowaitan* redevelopment project was proposed in April 2001. Yet what followed were long-time debates on its specific redevelopment approach. Some preferred wholesale demolition and reconstruction, others proposed a pure museum zone, and still others suggested hotels and high-rise apartments. <sup>45</sup> In fact, it took over one year for the Ningbo authority to debate on the redevelopment approach for the *Laowaitan*. <sup>46</sup>

On June 22, 2001, the NBURCC submitted its proposal for the New Bund Development Project (xin Waitan jianshe xiangmu) to the NBPC.<sup>47</sup> On July 10, 2001, the NBPC approved this proposal with detailed feedback.<sup>48</sup> According to this approved project proposal, the aims of the project were to accelerate landscaping of Ningbo's waterfront, restore the Laowaitan's historical features, and upgrade Ningbo's image. It is noteworthy that at that time the name Laowaitan had not been adopted as the official name of this project. Instead, it was called "New Bund" (xin Waitan) to emphasize the transformative nature of the redevelopment project.

This approved proposal delineated that the *Laowaitan* project would be bounded by the Yong River on the east, People's Road on the west, the Yong River Bridge on the south, and the Ningbo Ferry Terminal on the north. In this area of 75 mu (approximately 50,000 square meters), the total demolition volume of floor area was 33,000 square meters, and 68 non-residential work units were to be relocated. One municipal-level historical and cultural relic (*shi ji wenwu baohu danwei*), the site of former

police station (xunbu fang jiuzhi) built in 1864, and three municipal-level architectural heritage points (shi ji wenbao dian), the former Hongchangyuan cake shop, Yan's Mansion (Yan shi shanzhuang), and Zhu's Residence (Zhu zhai), would be renovated, coupled with renovation or reconstruction of original buildings of a total floor area of 2000 square meters that did not have historic or architectural significance. In addition, new constructions featuring modern architectural styles would cover a total floor area of 20,000 square meters. The total investment was expected to be 254,830,000 yuan, which was to be raised solely by the NBUCI through market operation. 49 This proposal was only a concept plan stating the basic direction in which the Laowaitan was going through redevelopment.

The final approved detailed design of the redevelopment, which was prepared by the NBURCC, did not get approved by the NBPC until May 24, 2002. Aside from that, the Laowaitan began to be referred to as "the Bund Conservation Zone of Historic Sites" (Waitan lishi wenhua baohu qu) to emphasize its historic significance. A number of refinements and revisions can be found in this design scheme: (1) the total floor area would be 74,483 square meters; (2) two new apartment buildings were to be developed, which would cover a total floor area of 11,170 square meters; (3) the floor area ratio of the redeveloped Laowaitan would be 2.12, greening rate 11.4 %, and building density 61 %; (4) Outer Road improvement project and flood control works would be incorporated into the redevelopment; (5) the total investment was increased to 423,590,000 yuan, in which, 99,000,000 yuan would be from Ningbo municipal coffer to cover part of resident relocation and rehousing compensation, and the rest would still be solely raised by the NBUCI. 50 This time, just like the Tianyi Square project, most of the investment was still to be financed through bank loans by mortgaging the land.<sup>51</sup>

It is reasonable to speculate that the addition of two apartment buildings to the Laowaitan project was not a coincidence, but was directly derived from the Xintiandi inspiration as well. He and Wu found that the "Lake Villa" (cuihu tiandi) luxury apartment, as part of the Taipingqiao area redevelopment project neighboring the Xintiandi, was the cash cow project for Shui On to quickly cover the high cost of the Xintiandi redevelopment.<sup>52</sup> In the same vein, the *Laowaitan* project emulated this marketing strategy and expected the same effect.

Regarding the total investment volume, despite the accurate figures shown in the government documents as above, it was widely publicized in various media that the total investment volume of the Laowaitan redevelopment was roughly 600 million yuan, of which 200 million yuan was

solely used as monetary compensation fee for relocated residents, 300 million *yuan* for construction fee, and still 100 million *yuan* for landscaping the *Laowaitan*'s waterfront.<sup>53</sup>

This government-approved design scheme implied that the *Laowaitan* redevelopment project was ready to start. On October 22, 2002, a state-owned land-use right transfer contract was signed between the Ningbo Municipal Bureau of Land and Resources and the NBUCI. This time, free transfer of land-use right, which was a significant facilitative factor in the Tianyi Square project, did not occur. According to the contract, the land to be transferred to the NBUCI by the end of 2002 for the *Laowaitan* redevelopment had a total area of 42,971.7 square meters. With a unit price of 3203 *yuan*/square meter, the NBUCI would have to pay a land-lease fee of 137,638,355 *yuan*. The payment was to be divided into three installments: (1) 50,000,000 *yuan* by November 2002; (2) another 50,000,000 *yuan* by December 2002; and (3) 37,638,355 *yuan* by February 2003. The NBUCI was required to start construction by the end of 2002 and was to finish construction by the end of 2003.<sup>54</sup>

With this contract signed and the land transferred shortly after, the *Laowaitan* project formally entered into the construction phase, beginning the physical and symbolic transformation of this historic district. However, ever since the first phase of conceiving of a concept plan, the transformation has not been as simple and straightforward as shown in these dry government documents. Rather, debates, discussions, inspirations, and controversies have always been parts of the story.

### 2 BUILDING THE LAOWAITAN

# 2.1 Fashion Landmark and Block Property

Believing that the historical value and commercial potential of the *Laowaitan* can mutually reinforce each other,<sup>55</sup> the Ningbo government and the NBUCI once again commissioned Ma Qingyun's MADA s.p.a.m. as the architect of the *Laowaitan* redevelopment project, and the Lihongtian Investment, Management & Consultancy Ltd. Co. (*lihongtian touzi guanli guwen youxian gongsi*), a Beijing-based consultancy firm specializing in real estate, to take charge of business planning for the *Laowaitan* redevelopment.

What would the redeveloped *Laowaitan* be like? Having found the high-end consumption at the *Xintiandi*, and the positive socio-economic outcome of the Tianyi Square project, and keeping in mind the rapid

economic growth in Ningbo since the Reform and Opening-up, the NBUCI sought to transform the Laowaitan to be a "fashion landmark of the city's order" (chengshi zhixu de shishang dibiao) and "upscale urban platform of social intercourse" (dingji dushi shejiao pingtai) in Ningbo, a comprehensive urban district consisting of residential, commercial, exhibition, and tourism functions for social intercourse among elites and middle classes in Ningbo.<sup>56</sup>

The redeveloped Laowaitan was expected to introduce a new lifestyle to Ningbo, demonstrate new ways of doing business and consumption, become an inspiring exemplar of the concept of "managing the city," promote Ningbo's image to the world, let Ningbo people experience the spectacles of the world, and thus, become a window that connects Ningbo with the world.<sup>57</sup> The *Laowaitan* is said to draw a balance between material consumption and spiritual consumption.<sup>58</sup> It can be found that the Laowaitan redevelopment was intended for not only physical transformation of this historic district, but also introduction of new social values and lifestyles to Ningbo.

Apparently, the Ningbo authority believed that Ningbo was in need of and could afford such a high-end consumption and fashion space. There was a magazine article saying that Ningbo's youngsters had been bored by Ningbo's tedious nights and had had to go to Shanghai on weekends for its colorful nightlife.<sup>59</sup> Though this description was not verified by the authors of the articles with interviews with Ningbo's youngsters, it is still quite plausible that Ningbo used to be in such a situation.

In response to the real and imaged demands of nightlife and high-end consumption in Ningbo, as stated by Ma Qingyun, the aims of his design for the Laowaitan redevelopment were: (1) to provide a place of nightlife, so that "at least half of Ningbo's population no longer stay at home at night," and (2) to attract tourists coming to Zhejiang to stay in Ningbo for one night for its nightlife, instead of using Ningbo only as a transit point. 60 Indeed, those expectations on the Laowaitan's importance for Ningbo's fashion consumption and nightlife would be partially realized in the next few years. For example, in 2006, the Laowaitan, as well as Tianyi Square, was listed among "Top 10 Romantic Places in Ningbo" (Ningbo shi da langman changsuo).61

Lihongtian, which had experience in real estate marketing, proposed the concept of "block property" (jiequ dichan) for the Laowaitan. "Block" is a household concept in the North American contexts, which simply refers to a rectangular area bounded by two pairs of parallel city streets that intersect (usually perpendicularly) each other. This was the basic unit of land in grid systems of many North American cities dedicated to maximizing available space for retail stores along main streets. Although this concept has never been widely used in China, many Chinese cities have indeed inherited similar grid systems in their commercial and industrial districts established in modern periods, due to their history of being treaty ports or self-established trading ports (zikai shangbu).

The North Bank, which used to be the foreign settlement in the treaty port of Ningbo, did not strictly adopt a grid system in its overall spatial layout because of its spatial constraints of an overall shape of inverted triangle and a complex river system. However, the *Laowaitan* area more or less adopted a grid system. The north-south Outer Road, Middle Road, and People's Road parallel the Yong River, and they are perpendicularly intersected by a number of east-west streets, such as Yangshan Road (yangshan lu) and Yangshan Lane (yangshan xiang). Thus, the *Laowaitan* area is divided into a number of rectangular blocks. The interiors of those blocks were usually filled with the *Shikumen* residence.

Since the Ningbo authority had decided that the *Laowaitan*'s overall spatial texture and scale, as well as most of its original buildings, were to be preserved, a question was raised: how to adapt the grid system and the *Shikumen* residence of the *Laowaitan* to new commercial uses after the redevelopment? A big problem of preserving such a spatial layout was that a lot of space, which had been extant for residential uses, would be hidden in small alleys and almost invisible to ordinary pedestrians. This was a fatal defect of their proposed new uses as retail stores.<sup>62</sup>

Ma Qingyun insisted that the *Laowaitan* should be a multi-use project and should retain a "local population," which made the *Laowaitan* a new integral element in the city's ecology,<sup>63</sup> rather than a pure museum zone or retail zone. In addition to the consideration of quick revenue, this is also part of the reason why the redeveloped *Laowaitan*, despite its tiny scale, still has two high-rise apartment buildings, as well as many loft studios atop retail shops.

The conception of "block property" was thus conceived to exploit the commercial potentials of those interior spaces of the *Laowaitan* and to include residential and office spaces in this primarily commercial district. Dilapidated structures were to be cleared to create small-scale public spaces, <sup>64</sup> and thus accessibility of the interior spaces would be improved, and the overall building density lowered. And it was proposed that former *Shikumen* residence be adaptively reused as clubhouses (*huisuo*), small exhibition halls, and inns, as well as offices for design firms and foreign

trade firms, all of which do not require as much visibility and accessibility as restaurants and retail stores. The clubhouses were aimed at high-end consumption by wealthy people who are concerned about their privacy,65 for which the quietness and low level of visibility of those interior spaces would turn to be an advantage. Elites and middle classes were targeted as the expected buyers of upscale apartments and loft studios, and thus would be the expected "local population" of the redeveloped Laowaitan. As those apartments and loft studios were not bounded by wall or fence as gated communities, they were expected to be integral parts of the entire Laowaitan district and have day-to-day interaction with other parts of the district and various types of visitors, and thus to enrich the Laowaitan's culture and liveliness.

The Laowaitan was divided by its redevelopment team into six functional blocks dedicated to different industries and land-use types: The Ningbo City Exhibition Hall (chengjian zhanlan quan), international hotel (quoji jiudian), global cuisine (shijie meishi), chamber of commerce (hangye huiguan), the hall of life (shenghuo tiandi), and city apartment (chengshi gongyu). A New Siming Clubhouse (xin Siming huiguan) was also proposed, which echoed the time-honored tradition of associational life of the Ningbo Clique (to be discussed later), and aimed to create a social intercourse space in Ningbo for the Ningbo Clique in the new era. 66 But this clubhouse was never realized in the redevelopment.

Despite the fact that the NBUCI consciously sought to redevelop the Laowaitan to be a high-end consumption space and upscale residential space, it claimed that the Laowaitan was also expected to be an important public space open to all citizens and visitors. First of all, this claim is plausible because the *Laowaitan* is not a gated park that charges visitors an entrance fee. It is as open as any other business streets. Anybody who is interested can come by to visit the Laowaitan. Besides, the Laowaitan has a 600-meter waterfront promenade along the Yong River from the Yong River Bridge up to the Ningbo City Exhibition Hall, part of which has a boardwalk. People can walk on the promenade and enjoy the scenery of both the Laowaitan and the Yong River. There is also a waterfront platform, an expected cultural space where various types of activities like artistic performances can be held.<sup>67</sup> In addition, the *Laowaitan* was expected to be a space for public exhibition, an important element of the Sanjiang Cultural Corridor. As envisioned by Bai Xiaovi, the Laowaitan would hold exhibitions for emerging young architects. But this vision was not realized, just like the New Siming Clubhouse.

### 2.2 Urban Design and Historic Conservation

Just like what he did in the Tianyi Square project, once again, Ma Qingyun brought the latest ideas and techniques of architectural and urban design to the Laowaitan. Given the apparent sensitivity of heritage conservation involved in the Laowaitan project, which had been hotly debated in the context of China's rapid urbanization, Ma Qingyun's team was struggling when doing the design for the Laowaitan redevelopment. As stated by Ma, his team had a fierce debate between the two extreme approaches: complete preservation of heritage without any modification, and ruthless destruction of heritage and construction of new buildings. They even constructed a conceptual continuum between the two extremes, between which lay various scales in terms of the extent of destruction and modification. This continuum was the basis of their design scheme that adopted different approaches for three sections of the Laowaitan: (1) cautiously and faithfully restoring the historical characteristics of the buildings along Outer Road, (2) boldly and creatively renovating and rebuilding the buildings along Middle Road to incorporate more contemporary architectural elements, and (3) constructing contemporary architecture along People's Road.<sup>68</sup>

Ma's design demonstrated the latest trend of adaptive reuse at that time. Instead of simply renovating and beautifying, Ma tried to preserve and highlight certain historical architectural elements of the Laowaitan, some of which might previously have been considered inappropriate additions or even scars on heritage buildings and thus should be erased during renovation. For example, the Hongchangyuan building, built in 1930, used to be a famous cake shop at the intersection of Middle Road and 2nd Street (erheng jie).69 This was a typical shop at that time, which incorporated a retail store in the front and a workshop in the rear (qian dian hou chang). During renovation, carved shop name and advertising signs of the shop were rediscovered on the facade of the building. The three big Chinese characters, "Hong-Chang-Yuan," a line of smaller characters detailing its various types of cakes, and even the telephone number of the shop, <sup>70</sup> were of course authentic historical relics. Yet they were also irrelevant to the redevelopment, whatever the building would be used for. All those historical commercial signs were retained and delicately preserved and highlighted during the renovation, however. The shop has been used by Z-Rocks Pub since completion of the redevelopment, whose newly added signs stay in harmony with the relics of the former *Hongchangyuan* (see Fig. 4.1).



Fig. 4.1 The  ${\it Hongchangyuan}$  building after renovation (photographed by the author in March 2009).

Another example is Zhu's Residence. There is a line of black painted slogan on one of its doorframes on Yangshan Road. Though part of it has been wiped off, four remaining Chinese characters are still very clear: "bu duan ge ming" (permanent revolution). It is apparently a later addition to this Republican building during the pre-1978 periods of the PRC, and it vividly reflects the revolutionary ideal and sentiment of the Communist government and the Chinese people at that time. This sign was also preserved during renovation. Zhu's Residence has been used by various nightclubs since the redevelopment. Although the business itself is never compatible with this revolutionary slogan, the main door of the building, which is located at the intersection of Middle Road and Yangshan Road, keeps a distance from the sign, and thus, there has not been a weird or even ironic contrast between the contemporary nightlife landscape and the serious revolutionary slogan in close proximity with each other.

The redeveloped *Laowaitan*'s newly built structures on Outer Road and Middle Road can stay in harmony with renovated historic buildings in terms of architectural style, so if one does not consciously look for the signboards on historic buildings, it is not easy to distinguish which are the originals and which are new buildings. On the contrary, new buildings on People's Road form a sharp contrast to historic buildings in terms of their bright colors and level roofs and facade. Both of the approaches are said to be ideal conditions of historic conservation.<sup>71</sup>

The very north of the *Laowaitan* is the Ningbo City Exhibition Hall, the biggest non-residential structure at the redeveloped *Laowaitan*. It is dedicated to exhibiting Ningbo's 7000 years' urban history and contemporary urban planning schemes and strategic urban construction projects. In the earliest years of its operation, it was also an important venue for various types of forums, conferences, and lectures. In recent years, it has become a major venue for publicity of Ningbo's latest urban planning schemes. As originally envisioned by its architect Ma Qingyun, discussion and shopping spaces would be integral parts of the Ningbo City Exhibition Hall, which further enhance dissemination of knowledge in and outside the Ningbo City Exhibition Hall.<sup>72</sup>

The Ningbo City Exhibition Hall covers an area of 3500 square meters and a total floor area of 6800 square meters. Although it was also designed by Ma Qingyun, it was originally a separate project, the design scheme of which was completed in December 2000, half a year earlier than the date when the redevelopment scheme of the *Laowaitan* got the final approval

by the Ningbo authority. Its construction was completed in March 2003,<sup>73</sup> and it was open to the public in June 2003.74

Seeing the mural-like colorful glass wall of the Ningbo City Exhibition Hall, anybody who does not have sufficient background knowledge of the Laowaitan would think this is a newly constructed building. However, this was actually a "renovation" project using the original structure of a Soviet-style giant warehouse built in the early PRC era. Its spacious and high-story-height interior is a perfect exhibition space.<sup>75</sup> This warehouse used to be property of the Ningbo Port Authority (Ningbo gangwu ju), and was purchased by the Ningbo government for the establishment of the Ningbo City Exhibition Hall.<sup>76</sup>

As an architect, Ma Qingyun was very fortunate that he had been commissioned by the Ningbo authority to design Tianyi Square and the Laowaitan, two landmarks in Ningbo in the early twenty-first century, as well as the Ningbo Higher Education Park (Ningbo gaojiao yuangu) and the headquarters building of the Ningbo Daily. His cutting-edge design was still considered as experimental work in China at that time. What is unusual was that both Tianyi Square and the Laowaitan were giant complex projects of urban redevelopment, instead of projects of small-scale single buildings more specifically dedicated to showcasing experimental architecture. Both Tianyi Square and the Laowaitan were listed among the "Top 10 break-through and innovative works in Chinese architecture, 1996–2006" (Zhongguo jianzhu shi da tupo chuangxin zhi zuo),77 which indicates that his hallmark experimental works in Ningbo were highly appreciated in Chinese architecture.

However, a piece of common criticism by ordinary people on Ma's design for the Laowaitan is that there is a lack of leisure space where visitors can stay outdoors for a while and enjoy the scenery, such as small plazas, sculptures, and benches, and some interior space becomes dead space where visitors don't like to go. This problem is definitely a factor that contributes to the unsatisfactory business performances of the Laowaitan after the redevelopment. In addition, Ma Qingyun's fortune in Ningbo was explained as largely due to his personal connection (quanxi) with a top leader of Ningbo, who was later on removed from his office due to corruption. Different politicians have different preferences and personal connections. It was thus predicted that Ma Qingyun would not be commissioned for government projects in Ningbo anymore.<sup>78</sup>

#### 2.3 Resident Relocation

Relocated residents in the *Laowaitan* project, like their counterparts in the Tianyi Square project, may choose either monetary compensation or rehousing estate (*anzhi fang*) provided by the government. Some better-off households who had already moved out of the *Laowaitan* and leased their properties to tenants prior to the redevelopment of course tended to choose monetary compensation. However, households who were living at the *Laowaitan* when the redevelopment was to be launched were faced with a dilemma: one the one hand, they really hated to live here due to its extremely poor infrastructural and housing conditions, but on the other hand, they still wished to stay in this area, because it was in downtown, where public services like public transit, shopping, schooling, and medical care were very convenient.<sup>79</sup>

After their relocation to another district, many relocated households still keep their residential addresses at the *Laowaitan* unchanged in their household registers (*hukou bu*), because by keeping their *hukou* at the *Laowaitan*, they are still theoretically considered as residents living at the *Laowaitan*. They thought the *Laowaitan* is in downtown (*chengli*), and by virtue of their household registers, their children can go to school in this area, the education quality of which must be higher than that of new schools in newly developed suburban areas.<sup>80</sup>

For small businesses, relocation means complete loss of their customer basis. Their shops, as well as their customers, who were usually local residents in the neighborhood and people traveling via the Ningbo Ferry Terminal, would be gone forever due to relocation, as their shops, as well as their customers, would not be able to afford the newly developed properties after the redevelopment.

According to the then deputy director of the Middle Road Street Office, it took just four months for over 2000 households to move out of the *Laowaitan*, including a number of state enterprises. State enterprises were usually allocated with other pieces of state land in exchange for the land they were occupying at the *Laowaitan*. Most residential households were very cooperative: they did not pull down window and door frames for recycling, like relocated households did in other later redevelopment projects. Some private properties were purchased by the Ningbo government first. The North Bank District Office of Demolition, Relocation and Rehousing (*jiangbei qu chaiqian ban*) commissioned a demolition affairs

firm (chaigian shiwu suo) to negotiate with each household for relocation. If there was any difficulty, the Middle Road Street Office would intervene into negotiations and help to reach demolition agreements.<sup>81</sup>

During my fieldwork in Ningbo in the summer of 2009, I found a "Demolition and Rehousing in Resident-decided Locations Agreement" (zhuzhai chaiqian zixuan anzhi xieyi) signed between the Ningbo Land Reserve Center (Ningbo shi tudi chubei zhongxin), head of a relocated household living at the Laowaitan, and the North Bank District Office of Demolition, Relocation and Rehousing in the name of redeveloping the low-lying and waterlogged area of the Laowaitan. The households were tenants who rented their home, most probably public housing distributed by a state enterprise. It was located on 4th Street (siheng jie), a first-class urban area (vilei diduan) categorized by the Ningbo government. The standard of monetary compensation for the household was 1800 yuan/ square meter. The apartment had a total living space of 66 square meters. Adjusted by a number of indexes, this household got a final compensation in the amount of 122,477.8 yuan. And this household was requested to vacate their home by September 7, 2001.

As promised by the Ningbo government, all residents living at the Laowaitan would be relocated by the next typhoon season in 2001 (as indicated in the deadline of removal as shown in the above agreement), for the Laowaitan had been heavily hit by Typhoon Saomai in 2000. Given that all demolition agreements were signed within a relatively short period of four months, the compensation standard and the deadline of removal in the agreement shown above can be basically considered common to most relocated residential households at that time.

Just like the Tianyi Square project, monetary compensation for relocated households living at the Laowaitan was provided in the form of housing coupons instead of cash. Yet some households decided to cash the coupons at real estate agents and pay some service fee for it.82 This practice was quite common to some relocated households, though it was neither officially endorsed nor prohibited by the Ningbo authority.

In the midst of the Laowaitan redevelopment, some affordable housing (jingji shiyong fang) projects were also well under way, a significant proportion of which were retained for rehousing relocated households due to urban redevelopment projects. For example, Phase One of the Xujiacao affordable housing project was ready for move-in in the first quarter of 2003, which provided 1500 units with a total floor area of 120,000 square

meters. Its Phase Two, as well as some other affordable housing projects in the *Xiejia* area and elsewhere, was expected to be ready for move-in by the end of 2003.<sup>83</sup>

According to the then deputy director of the Middle Road Street Office, the Ningbo government provided rehousing estate in the Xiejia area for the relocated households in the Laowaitan redevelopment. The Xiejia estate is about seven kilometers northwest of Tianyi Square. For most households, housing reform was implemented in conjunction with relocation, which means that for households living in public housing distributed by their work units, the monetary compensation they got was actually monetized housing subsidies from housing reform. If they chose rehousing estates, those subsidies would be transferred as purchasing funds for their new private properties. Alternatively, they could also use the subsidies to buy commodity housing elsewhere. One preferential policy was to help those poorly housed households to meet Ningbo's minimum housing standard. For example, if Ningbo's minimum housing standard is 15 square meters per person, a relocated family of three can get rehoused in rehousing estate with an apartment of at least 45 square meters, no matter whether the family's monetary compensation is enough for the floor area of 45 square meters.84

Yet many relocated households hesitated to move to those rehousing estates located in Ningbo's fifth-class urban areas (*wulei diduan*), which were often regarded as outskirts or even the countryside (*xiangxia*) by Ningbo people, especially the elderly. Those areas are usually 6–8 kilometers away from Tianyi Square, the very center of Ningbo's downtown. For example, an old woman was rehoused by the Ningbo government in Changle New Estate (*change xincun*), about six kilometers west of Tianyi Square. She was single and suffering from slight mental illness. She used to live in a room of 18 square meters at the *Laowaitan*. She got rehoused in an apartment of 28 square meters. She still refers to the Changle New Estate area as "the countryside".85

# 2.4 Life Stories of Former Residents

As mentioned in Chap. 3, I managed to interview seven former residents living in the *Laowaitan* area. 86 They were relocated in the mid-1990s through early 2000s due to large-scale urban redevelopment at

different stages. The monetary compensation standard for the relocation was about 2000 yuan/square meter. Based on the living space of their homes, the monetary compensation they got ranged from 60,000 yuan to 120,000 yuan. None of them physically resisted relocation. Some were happy with the redevelopment because they really hated to live in dilapidated houses and relocation might help improve their housing conditions.

Most of the relocated households had originally gotten old homes at the Laowaitan from housing distribution by their work units. Since the houses were not family assets passed on over generations, they did not have strong emotional attachment to the houses, and thus, relocation was not emotionally difficult for them.<sup>87</sup> No matter whether their housing conditions were improved after the redevelopment, they took it for granted that the government is legitimized to undertake urban redevelopment for the public good, and they did not think much of their own rights to their homes and urban development.

Only one of the former residents chose government-provided rehousing estate, while all of the remaining six chose monetary compensation. Among the six, two purchased apartments in the North Bank District, two purchased apartments in Haishu District, one lives with his friend's family, and one lives with his adult son. All but two enjoyed actual improvements in housing conditions. The main reason for the difference in their current housing conditions is their different income levels, which largely determines whether they were able to buy apartments elsewhere. The families who were better off purchased apartments elsewhere with monetary compensation and their own savings. Others who were financially less capable usually moved to rental properties elsewhere, or even lived with their friends or adult sons' families.

Among the interviewees, Mr. Z showed most explicitly his desire for the relocation, which was believed to improve his housing condition. He began living at the Laowaitan in around 1984 with his father. Their home was within a two-story wooden structure on Outer Road, and it was public housing distributed by his father's work unit. He thought it was very uncomfortable to live in the old house. The relocation came in 1995, when the cathedral's surrounding area was to be cleared for landscaping project. Hearing the news of urban redevelopment, he and his neighbors were very excited and looked forward to the redevelopment. After the relocation, he only returned to the Laowaitan once, about one year after the relocation, to see if his home had been demolished. He found that the house was vacant and still stood there 88

Different from Mr. Z's longing feeling about the relocation, Ms. P had some reflections on its problem related to compensation standard. Ms. P's family had moved out of the *Laowaitan* and leased their apartment out since 1998. Her mother-in-law got a monetary compensation of approximately 50,000 *yuan* when the *Laowaitan* redevelopment came, and her family purchased an apartment in Nanyuan Estate in Haishu District. Many of her neighbors at the *Laowaitan* moved to other areas in the North Bank District, such as Red Plum New Estate, approximately four kilometers northeast of the *Laowiatan*, as well as the East Bank District and Haishu District. <sup>89</sup>

Prior to the redevelopment, Ms. P had been laid off due to privatization of her work unit. She was given a one-off monetary compensation of 15,000 *yuan* for the lay-off, and had to rely on the unemployment insurance benefits. Afterward, she worked as a saleswoman in department stores, and ran a restaurant, which only caused a deficit to her. Since 2003, she has been working in the *Laowaitan* Residents' Committee. This is because of a special government program dedicated to assisting middle-aged and low-income people to get reemployed in the public sector.<sup>90</sup>

Though Ms. P's family has improved their housing condition after the *Laowaitan* redevelopment, she thinks the overall compensation standard is unreasonable. For many relocated households, monetary compensation of approximately 50,000 *yuan* was not enough to buy commodity housing elsewhere, especially for those households that did not have stable jobs and relied on social insurance. However, nobody made actual resistance to the relocation. The government's policy for the redevelopment was said to be determined and tough, and relocated households were mostly obedient.<sup>91</sup>

Furthermore, Mr. C provided some reflections on the social costs of urban redevelopment, which were rare throughout all the interviews I conducted with relocated residents. Mr. C's grandfather got the monetary compensation for his living space of about 50 square meters, with which he purchased a second-hand apartment in Gaotang New Estate (gaotang xincun) in Haishu District, approximately three kilometers west of the Laowaitan. Mr. C said that the relocation was a blow to his grandfather's health. His grandfather died in 2005. Mr. C thinks his grandfather would have lived longer if there was no relocation. The relocation cut off the close connections between his grandfather and the Catholic community and other neighbors, and it was more difficult for his children and grandchildren to

find occasions to get together. The elderly like Mr. C's grandfather are the most vulnerable social groups to such big changes and it is harder for them to adapt to new environments. Yet Mr. C admitted that the redevelopment cleared the shabby neighborhood surrounding the cathedral and improved the overall environment of the *Laowaitan*, making the cathedral more spectacular and visible to the public. In this sense, he thinks the redevelopment is justified.92

### PROMOTING THE LAOWAITAN REDEVELOPMENT

#### 3.1 The Spiritual Homeland for the Ningbo Clique Merchants

As the location of the treaty port of Ningbo, the Laowaitan is a genuine historic district with a total area of 7000 square meters of historical buildings. 93 Yet the colonial legacy is not particular to Ningbo's North Bank, but a commonality of all treaty ports and some other self-established trading ports (zikai shangbu) in modern China. It is a very noteworthy phenomenon in the Laowaitan redevelopment that highly symbolic discourses beyond physical construction and material consumption were constructed to distinguish the Laowaitan from other urban redevelopment projects in Ningbo. This phenomenon was largely absent in the Tianyi Square project. One element of such discourse construction was the history of the Ningbo Clique (Ningbo bang) merchants.

Since the start of the Laowaitan redevelopment in 2000, there has been such an influential discourse claiming that the Laowaitan is the spiritual homeland for the Ningbo Clique merchants. The Ningbo Clique refers to the group of merchants who were born in the former Ningbo Prefecture area, which consisted of six counties: Yin, Fenghua, Cixi, Zhenhai, Dinghai, and Xiangshan.<sup>94</sup> The Ningbo Clique is regarded as one of the top ten merchant groups throughout the Ming and Qing dynasties and the Republican era in China. Although it emerged relatively late in comparison with other merchant groups in late imperial China, it became the dominant merchant group in modern China and was especially eminent in the Republican era. Today it is still a very active and influential merchant group in contemporary business world both domestically and internationally.95

Ningbo had long been famous for its commerce and trade in imperial China. However, as mentioned in Chap. 3, the opening of the Ningbo treaty port did not enhance Ningbo's trade as both the Chinese and the Westerners had expected. Since Ningbo had been quickly surpassed by Shanghai in terms of foreign trade and had been suffering from slower overall development despite the opening of the Ningbo treaty port, in search of better business opportunities, more and more Ningbo merchants migrated to Shanghai. This migration tide gained further momentum during the *Taiping* rebellion, when many wealthy Ningbo people fled for Shanghai's safer foreign concessions, and many of them would not come back to Ningbo after the rebellion.<sup>96</sup>

In the 1920s and 1930s population of Shanghai, there were approximately 500,000–600,000 people with Ningbo ancestries, making Ningbo the foremost origin of migrants in modern Shanghai. Ningbo merchants quickly accumulated wealth and established fame in Shanghai as compradors, industrialists, and bankers. And they tended to support their fellow townsmen, villagers, and relatives to join their business in Shanghai, and in turn, to expand their business and Ningbo-based network at the same time. Name of the same time.

The Shanghai General Chamber of Commerce (Shanghai shangwu zonghui) was incorporated in 1904, and since then, it had kept a strong control over Shanghai's economy and even the national economy in modern China. The majority of its members were always Ningbo-born merchants, and a number of eminent Ningbo-born merchants served as its chairmen, including the first chairman, Mr. Yan Xinhou.99 Therefore, it was argued that the establishment of the Shanghai General Chamber of Commerce signaled the formal formation of the Ningbo Clique as an eminent group of financial and industrial tycoons in modern China primarily based in Shanghai. 100 In addition, Ningbo merchants were also actively involved in trade and industry in more than a dozen of other major trading ports in modern China.<sup>101</sup> Most of the Ningbo merchants who were based in Shanghai moved to Hong Kong and Taiwan on the eve of the conquest of Shanghai by the People's Liberation Army in 1949. Those migrant Ningbo merchants soon became an eminent merchant group in Hong Kong since the 1960s. 102

The Ningbo Clique, especially the Hong Kong-based Ningbo merchants, has been instrumental in Ningbo's rapid economic growth since the Reform and Opening-up. The most famous example is Mr. Pao Yuekong, who by virtue of his paramount influence in the global business world and close personal connection with Deng Xiaoping and other top Chinese leaders at that time, played a key role in Ningbo's application for the titles of "Coastal Open City" (yanhai kaifang chengshi) in 1984 and

"City Specifically Designated in the State Plan" in 1987, despite Ningbo's relatively small size and poor infrastructure at that time. <sup>103</sup> In 1984, Deng Xiaoping also personally advocated that "mobilize the Ningbo Clique all over the world to develop Ningbo" (ba quan shijie de Ningbo bang dou dongyuan qilai jianshe Ningbo). 104 Those national titles and Deng Xiaoping's personal advocacy brought much more autonomy in making local economic policy and state investment in industries and infrastructure to Ningbo, which were of vital importance for Ningbo's initial development.

In addition, Hong Kong-based Ningbo merchants also brought a considerable amount of investment to Ningbo at the initial stage of Reform and Opening-up, especially in the domains of education, medical care, and infrastructure. 105 Although the investment scale may not seem very large, they did take the initiative to invest in Ningbo, and more importantly, they became the role model for other Hong Kong- and Taiwan-based merchants to follow to invest in Ningbo. Thus, Hong Kong and Taiwan have become the most important origins of direct foreign investment for Ningbo. 106

Keeping in mind the great contribution made by the overseas Ningbo Clique to Ningbo's economic take-off, as well as in education and other public welfare, 107 the Ningbo authority sought to attract the Ningbo Clique to further devote their capital and management experiences to Ningbo's tourism and cultural development. 108 This is the cause of the apparent appeal to the Ningbo Clique for discourse construction during the Laowaitan redevelopment. It was said that the Ningbo Clique started their journey at the Laowaitan toward the world and their legendary business. 109 It was expected that the incoming Ningbo Clique would also bring more diverse overseas consumers to the Laowaitan in Ningbo, which, in turn, would boost Ningbo's various industries. 110

It is true that the Ningbo Clique did have close historical connection with the Laowaitan, which somewhat justifies the efforts of the Ningbo authority' discourse construction for the Laowaitan redevelopment. This historical existence can be easily found in the Laowaitan's architecture. It was found in a survey that, among 54 heritage buildings at the Laowaitan, 31 buildings are related to the Ningbo Clique. 111 As mentioned in Chap. 3, by the end of the Taiping rebellion, the North Bank had become a premier residential district in modern Ningbo, and a lot of Ningbo merchants, who did business in either Ningbo or other Chinese trading ports, purchased or built properties in Ningbo's North Bank, many of which were located at the *Laowaitan*. For instance, Yan's Mansion, which is located at the intersection of Middle Road and Yangshan Road, used to be family property of Mr. Yan Xinhou and his descendants. Yan Xinhou was the actual founder of the first Chinese modern bank, the Imperial Bank of China (renamed the Commercial Bank of China in 1913), as well as the first chairman of the Shanghai General Chamber of Commerce. Thus, Yan was regarded as the originator of the Ningbo Clique.<sup>112</sup>

There was also a proposal that if it was too difficult to renovate some heritage buildings at the *Laowaitan* for commercial uses due to budgetary shortage, the Ningbo authority could mobilize the overseas Ningbo Clique to "adopt" those buildings, which means, those Ningbo merchants could use those spaces for either commerce or residence and pay for corresponding renovation and maintenance expenditure. <sup>113</sup>

The symbolic reference to the Ningbo Clique for the *Laowaitan* redevelopment was repaid by investment from both local and overseas Ningbo merchants. For example, Ala Bourbon Street Bar (*ala bobo jie jiuba*), one of the most famous bars at the *Laowaitan*, was originated from Mr. W's decision of investment made in 2004. It was reported that Mr. W is a Chinese American businessman whose grandfather started his journey to the world from Ningbo's *Laowaitan* 100 years ago. When Mr. W was visiting Ningbo for the first time in September 2004, he immediately fell in love with the *Laowaitan*, and thus decided to invest here. 114

# 3.2 Highly Selective Inward Investment Attraction

Since the *Laowaitan* does not have such a large area available for retail stores as Tianyi Square, and the *Laowaitan* is expected to be a space of high-end consumption and fashion, investment attraction for the *Laowaitan* was highly selective. The retailers at the *Laowaitan* were considered as the finest ones that were able to lead the trend of consumption and investment in commercial real estate project in Ningbo. 115

During investment attraction, the NBUCI, Lihongtian, and the Middle Road Street Office collaborated with each other. Lihongtian was responsible for business planning, such as proposing what were the appropriate industries for the *Laowaitan*, and which section of the *Laowaitan* to place what industry. The Economic Section (*jingji ke*) of the Middle Road Street Office was the major player that directly approached and negotiated with potential investors, and had the power to provide preferential policies, such as tax policies, to attract those potential investors to the *Laowaitan*. <sup>116</sup>

In contrast to what the NBUCI has been doing to Tianyi Square, this time the NBUCI decided to sell the properties of the redeveloped Laowaitan out except the four municipal- and district-level historical and cultural relics. According to Bai Xiaoyi, the reason for adopting a different approach for the Laowaitan was that the NBUCI consciously decided to experiment on different approaches in order to accumulate project management experiences. 117 The properties of Phase One of the redeveloped Laowaitan had been open for internal sales by October 2003, and they were open for public sales on March 18, 2004. 118

The more plausible explanation for this different approach, however, is that the NBUCI did not have the interest or capacity to hold the property ownership of the Laowaitan. On the one hand, there was no plan for the redevelopment of the Laowaitan once again as it was in the Tianyi Square project; on the other hand, the NBUCI was in need of quick returns, given that both the Tianvi Square and the Laowaitan projects absorbed a lot of its investment while the Ningbo authority would assign more urban redevelopment projects to it. Thus, selling the property for quick returns is the most practical option for the NBUCI in the short term as a developer of commercial real estate project. Yet it would soon prove to be the major cause of the Laowaitan's flawed governance and its property owners' and business tenants' nightmare.

By June 2004, construction of the Laowaitan's Phase One and Phase Two had been completed, of which 80 % of shops had been leased out (the property owners of the shops are individual proprietors rather than the NBUCI itself), and all upscale apartment units had been sold out, the average price of which was a record-setting 10,000 yuan/ square meter at that time. 119 In addition to high price of the properties, investors were also required to spend 15-20 % of their total investment for decoration of shops, making each investment project exceed ten million yuan. 120

Aside from high property price and total investment volume, the third criteria for screening investors was to ask investors to submit detailed proposals of their investment at the Laowaitan before buying or renting properties, and their proposals must conform to the overall cultural and commercial values of the Laowaitan. It was reported that there was an owner of a town and village enterprise who wanted to buy property at the Laowaitan, but failed to give a clear proposal of what he would operate within the property. He was thus rejected by the NBUCI. In contrast, a lady gave a detailed proposal of running a Chinese restaurant and was allowed to buy Li's Residence (Li Zhai) at the *Laowaitan*. The NBUCI asked each potential investor to complete a questionnaire consisting of 69 questions, in order to know each investor's personal background and proposal of running business at the *Laowaitan*. <sup>121</sup>

The construction of symbolic discourse for the *Laowaitan* redevelopment proved to be fruitful. All buyers of the *Laowaitan*'s properties were considered to be able to appreciate the historical and symbolic values of the *Laowaitan*. It was claimed by the NBUCI that the properties of the redeveloped *Laowaitan* are suitable for both residence and business. Thus, different property buyers had different intentions for their purchases. Yet all of them sought to show their wealth and social status in addition to material considerations such as profit-making. Many investors wanted to purchase property at the *Laowaitan* exactly because of the affirmative functions of the purchase, and thus were not really concerned with the high price of the property.<sup>122</sup>

In order to guide proprietors to invest in the intended business at the *Laowaitan*, the NBUCI and Lihongtian organized a group fieldtrip to Shanghai, during which the *Laowaitan*'s proprietors visited the consumption spaces of the *Xintiandi*, Hengshan Road (*Hengshan lu*), Gubei New Zone (*gubei xinqu*), and Paramount Hall (*bailemen*). This fieldtrip intrigued business imaginations and interests in introducing similar business to the *Laowaitan* in Ningbo.<sup>123</sup>

The Ningbo government also recommended some investors to the *Laowaitan*, whose businesses were cultural industries that conform to the historical and symbolic values of the *Laowaitan*. For example, *Zilinfang*, a free private museum of padauk antique furniture and woodcarving, was opened in September 2004 by a famous Ningbo artist. In October 2003, when the *Laowaitan* project was about to be completed and open for sale, some politicians in the Ningbo authority recommended the *Laowaitan* to this artist and asked the NBUCI to facilitate this museum project. The artist purchased a *Shikumen* residence with a courtyard near the intersection of People's Road and 2nd Street for his museum.<sup>124</sup>

# 3.3 Promotional Campaigns for the Laowaitan

The Ningbo municipal government, the North Bank District government, and the NBUCI, along with their partners, organized various types of promotional campaigns for the *Laowaitan* redevelopment since its initial

stage, including press conferences, forums, symposia and lectures, cultural events, trade fairs, and publicity with newspaper and magazine articles and even books.

### Press Conferences, Research Forums, and Lectures

On November 28, 2002, just one month after having the state-owned land-use rights transfer contract signed for the Laowaitan project, the top leaders in the Ningbo municipal government and the Ningbo Municipal Committee of the CPC held an official press conference at Shanghai's Jinjiang Hotel (jinjiang fandian) to announce the launch of the Laowaitan project. At the press conference, Mr. Chen Yanhua, deputy mayor of Ningbo, claimed that they were promoting the Laowaitan as the fifth business card of Ningbo, or the fifth most representative item of Ningbo, following the Ningbo Clique, Ningbo clothing, Ningbo port, and Ningbo's scenery. 125 And the Ningbo authority gave its cordial invitation to Shanghai businessmen for investment at the Laowaitan. Mr. Chen Yifei, a renowned Ningbo-born artist based in Shanghai, was also invited to attend the conference as the best representative of the Ningbo-Shanghai connection in contemporary China. 126

During 2003-2006, the North Bank authority organized the "Laowaitan Forum" (Waitan luntan) annually for four consecutive years, during which discussions on the development of the Laowaitan and North Bank District in general were conducted, and promotional campaigns for the Laowaitan, such as artistic performances, were organized.

The first "Laowaitan Forum" was held in 2003 at the Ningbo City Exhibition Hall, which was designated exactly for exhibitions and forums related to Ningbo's urban construction. The forum was most like an academic conference, the themes of which included the first five treaty ports in the late Qing dynasty and their bund cultures, the development of the Laowaitan in Ningbo, as well as the waterfront development in other Chinese cities in the name of "Waitan." Over 50 experts from Beijing, Shanghai, Guangzhou, Xiamen, Fuzhou, and Ningbo attended the forum, including such famous scholars as economist Mao Yushi. Over 30 articles were accepted and presented, which finally led to an edited book entitled The Bund Culture and Urban Development (Waitan wenhua yu chengshi fazhan) published in 2004. In addition, the Ningbo Research Institute of Bund Culture (Ningbo Waitan wenhua yanjiuhui), the only research institute in China specifically dedicated to studying various "Waitan," had been founded prior to the first "Laowaitan Forum." 127

At each forum, there was a specific theme for discussion. The theme of the second "Laowaitan Forum" was leisure economy (xiuxian jingji) in relation to the Laowaitan's historical and cultural legacy. The fourth "Laowaitan Forum" was held in conjunction with the "Week of Port-Bridge Economy" (gang qiao jingji huodong zhou) in 2006 in celebration of the ongoing Hangzhou Bay Bridge (Hangzhouwan kuahai daqiao) project. Yet since the second forum, more artistic performances than academic symposia had been organized.

There were also a number of other forums held in Ningbo specifically for the development of service industries at the *Laowaitan*. In November 2006, almost two years after the opening of the *Laowaitan*, the Ningbo authority held a forum called "The *Laowaitan*: Business Card of Ningbo" (*Waitan*: *Ningbo de mingpian*) to consult experts on how to further develop business, tourism, and service industries of the *Laowaitan*. The proposal of developing creative industry and diversifying industrial structure of the *Laowaitan* were put forward in response to the surfacing governance problems of the *Laowaitan*.<sup>130</sup>

There was also a public lecture targeted at Ningbo's ordinary citizens for a better understanding of the *Laowaitan*. On May 1, 2004, a lecture was delivered by Dr. Sun Shangen, professor of modern history at Ningbo University, on the modern history of the *Laowaitan*. This was aimed to disseminate knowledge of the *Laowaitan* to Ningbo citizens on the eve of the completion of the *Laowaitan* redevelopment.<sup>131</sup>

In addition, the *New Weekly* (*xin zhoukan*), a Guangzhou-based magazine, was also a very important partner in the promotion of the *Laowaitan* redevelopment. Since the initial stage of the redevelopment, it published a series of articles on the *Laowaitan* redevelopment. In collaboration with the NBUCI, MADA s.p.a.m., and Lihongtian, the *New Weekly* finally compiled these articles into an edited book entitled *Remaking the City* (*chengshi zaizao*) and published it in 2002. <sup>132</sup> Besides, in June 2004, the *New Weekly* organized a forum called "The Bund and Its Lifestyle" (*Waitan he ta changdao de shenghuo fangshi*) at the *Laowaitan*, during which scholars, artists, and architects were invited to discuss such topics as urban lifestyle, consumerism, and fashion industry with regard to the *Laowaitan* redevelopment. <sup>133</sup>

### Government-Organized Trade Fairs

Various types of government-organized trade fairs were organized in and outside Ningbo in search of both mainland Chinese and overseas investors.

The North Bank District government actively promoted the Laowaitan alongside Ningbo's other major investment projects at the annual Zhejiang Investment & Trade Symposium (Zhejiang touzi maoyi qiatanhui) held in Ningbo in 2004.<sup>134</sup> In December 2006, the North Bank District government promoted the Laowaitan alongside other tourism destinations in the North Bank District at the "China Tourism Investment Symposium" (Zhongguo lüyou touzi qiatanhui) held in Ningbo. 135 This is a big event for China's tourism held annually in Ningbo.

In July 2006, there was a symposium called "The Ningbo Laowaitan, A New Domain for Investment" (Ningbo Laowaitan touzi xin tiandi) held in Hong Kong, when the Laowaitan's Phase Six had just been completed for sale. At the symposium, general issues regarding Ningbo's economic development and real estate industry, as well as specific questions regarding the Laowaitan redevelopment, were discussed. Afterward, Hong Kong investors were invited to conduct a fieldtrip to the Laowaitan. 136

Dr. S, owner of a dental clinic at the Laowaitan, was attracted to the Laowaitan at the Ningbo-Hong Kong Economic Cooperation Forum (Yong Gang jingji hezuo luntan) held in Hong Kong in 2005. This is an annual trade fair held alternately in Ningbo and Hong Kong since 2002 to enhance economic cooperation between the two cities. Various investment projects are promoted at each forum. Dr. S is originally from mainland China and received her PhD in dentistry from the University of Hong Kong in 2004. While working as a dentist in Hong Kong's Central District, she found the Laowaitan would provide a good opportunity to start her own business, as the Ningbo government provided preferential policies for investors. So she purchased a two-story 400-squaremeter shop at the Laowaitan and opened her clinic in 2005. The North Bank authority was very efficient in all administrative examinations for her clinic. 137

#### Public Cultural Events

Some of the promotions of the *Laowaitan* were organized in conjunction with public cultural events in Ningbo. The year 2005 was the 600th anniversary of Zheng He's naval expedition to the Indian Ocean (Zheng He xia Xiyang). In commemoration of such an important historical event, as well as China's historical Maritime Silk Road (haishang sichou zhi lu), the "Green Eyebrow" (*lü meimao*), an archaic sailboat, set sail in Qingdao to sail along China's coast and the coasts of Southeast Asian and South Asian regions. Ningbo was the second stop of this commemorative voyage.

As the best representation of Ningbo's shipping culture, the *Laowaitan* was chosen for the "Green Eyebrow" to dock in late March and early April 2005, in front of the Ningbo City Exhibition Hall.<sup>138</sup>

The year 2006 was the Year of Italy in China (*Zhongguo Yidali wenhua nian*). In this context, in December 2006, under the auspices of the NBUCI and the Piedmont Turin Design organizing committee, the Yifei Culture and Communication Co. Ltd (*Yifei wenhua chuanbo youxian gongsi*) organized a week-long exhibition of Italian industrial design in the International Hall of Life (*guoji shenghuo gua*n) at the *Laowaitan*. <sup>139</sup> This exhibition also included forums on architectural design and graffiti. The northern portion of the redeveloped *Laowaitan*, where the International Hall of Life is located, was expected to be a creative industry base (*chuangyi chanye jidi*) for such industries as architectural design, industrial design, film and media, and online game. This base has been formally nurtured since September 2007 by the North Bank authority. <sup>140</sup>

Cultural events coupled with commercial promotion have been frequently organized for the Laowaitan, which is able to engage more citizens in the day-to-day life at the Laowaitan and directly bring more visitors and customers to the Laowaitan's tourism and consumption facilities. Since 2003, the North Bank District government has also been organizing a series of cultural events at the Laowaitan, such as "foreign language song contest" (waiwen gequ dajiangsai), "knowledge contest on the Laowaitan's history and culture" (Waitan lishi wenhua zhishi jingsai), and "New North Bank: Dance Party at the Energetic Laowaitan" (xin Jiangbei: jiqing Waitan gewu wanhui). 141 In February 2007, the North Bank authority organized "the month of tasty Laowaitan" (Waitan fengging yue), during which ten types of Chinese folk arts were performed at the *Laowaitan*. <sup>142</sup> During December 20–31, 2007, in collaboration with 60 enterprises at the Laowaitan, the North Bank authority and the NBUCI jointly organized the "Laowaitan Carnival" (Laowaitan kuanghuanjie).143

The North Bank authority also applied for postage prepaid envelopes (youzi feng) for the Laowaitan in April 2004, and successfully got the approval from the State Post Bureau of China (guojia youzhengju).<sup>144</sup> The launch of the postage prepaid envelope was held in October 2004 as part of the campaign of "New North Bank: Dance Party at the Energetic Laowaitan."<sup>145</sup> Envelops with the Laowaitan printed on them were finally ready for purchase and nation-wide circulation in December 2004.<sup>146</sup>

# Stephen Chow Sing Chi's Encounter with the Laowaitan

Very interestingly, Stephen Chow Sing Chi, the famous Hong Kong comedian, was unintentionally involved in the promotion of the Laowaitan. In 2005, Lihongtian organized a "root-searching tour" (xungen zhi lii) for Stephen Chow in conjunction with the promotion of his newly released film Kung Fu Hustle (gongfu) in Ningbo, as Stephen Chow had been claiming that he is originally from Ningbo Prefecture. The film promotion was held at the Ningbo City Exhibition Hall, during which Stephen Chow was commissioned as the image representative of Ningbo's tourism (Ningbo lüyou xingxiang daiyanren) by the Ningbo government. 147 And another of Stephen Chow's films, CI7 (Changjiang 7 hao), was shot in Ningbo in 2006, for which the Laowaitan was one of the major outdoor shooting bases.<sup>148</sup>

When visiting the Laowaitan, Stephen Chow was also interested in buying an upscale apartment at the Laowaitan. 149 This is perhaps the most luxurious apartment at the Laowaitan, which is located at the very top of City Apartment (chengshi gongyu) in Block Three and has its own swimming pool. However, as somebody had already paid deposit to buy this apartment, Stephen Chow finally did not manage to buy this property. 150

### STEP-BY-STEP DEDICATION OF THE LAOWAITAN

Phase One of the *Laowaitan* was opened in the autumn of 2003. Thus, before the formal dedication of the Laowaitan in 2005, there had been shops in operation at the *Laowaitan*, which had attracted consumers from other Zhejiang cities, such as Hangzhou and Wenzhou. 151 Yet this period is regarded as the *Laowaitan*'s trial operation, because at the same time investment attraction for most shops at the Laowaitan was still under way, while other parts of the Laowaitan was still being constructed.

On January 1, 2005, 161 years after the opening of the treaty port of Ningbo, Phase One and Phase Two of the redeveloped Laowaitan were formally dedicated. 152 The "reopening" of the Laowaitan was interpreted as the second most important historical event of the Laowaitan besides the opening of the treaty port of Ningbo in 1844. By that time, the Laowaitan had had 30 stores in operation, many of which were upscale restaurants, bars, and coffee shops, such as Starbucks and Ala Bourbon

Street Bar. In addition, there were some stores doing business in cultural industries, such as the *Zilinfang*.

However, even at that time, the construction of the *Laowaitan* was still going on, mainly in Block Three and Block Five where two upscale apartment buildings were located. Retail shops in Block Six of the *Laowaitan* would be open for sale as late as July 2006, and all constructions would be finally completed in 2007. By December 2006, there had been 220 enterprises operating at the *Laowaitan* in such industries as logistics, international shipping, and catering.<sup>153</sup>

### 5 CONCLUDING REMARKS

The undertaking of the *Laowaitan* redevelopment was a second exemplar of Ningbo's state-led urban redevelopment regime directed by the Ningbo authority and undertaken by the NBUCI after the Tianyi Square project. Assisted with the *Xintiandi* inspirations and the operation and management experiences obtained in the Tianyi Square project, it seemed that the *Laowaitan* project would be even more successful. And the Ningbo authority was indeed very confident in it. The much more sophisticated techniques of urban design and discourse construction for the *Laowaitan*, and the record-breaking price and speed of property-selling of the *Laowaitan*, seemed to predict a foreseeable bigger success.

However, the story of the *Laowaitan*'s transformation would be more complicated than that of Tianyi Square. There would be a lot of unexpected problems, difficulties, and frustrations in the governance of the *Laowaitan* since its dedication, and there would be more players involved. These issues will be discussed in the following chapters.

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## The New Urban Spaces of the Laowaitan

As envisioned by the NBUCI and its redevelopment partners, such as Ma Qingyun and Lihongtian, the redeveloped *Laowaitan* has become a fantastic fashion district for consumption, dining, tourism, shopping, and residence. The most attractive thing about the redeveloped *Laowaitan*, also as envisioned by its redevelopment team, is its nightlife. In addition, it has become an important venue for social gatherings of Ningbo's international population.

Three types of new urban spaces, namely, new industrial space, new consumption space, and new residential space, can all be found at the redeveloped *Laowaitan*. Despite the fact that the *Laowaitan* has always been said to be a place of bars and restaurants, there are still a few other service industries operating here. Apart from the catering industry, there are a few craft shops, spa stores, photographic studios, KTVs, hair and beauty salons, and even a boating club. There are a number of firms that use the *Laowaitan* as their office spaces. They mainly do businesses in such creative industries as interior decoration, media, architectural design, and industrial design. Thus, those can be regarded as contemporary forms of industrial space in service industries. The two apartment buildings of the *Laowaitan* project are new residential spaces and are essentially different from the dilapidated neighborhood before the *Laowaitan* redevelopment in terms of building form and quality, living space, lifestyle, and property management.

The following sections of this chapter will be an overview of various new urban spaces and their users, ranging from restaurants to bars, from clubhouses to a boating club, from loft-style offices to apartment buildings. It is interesting to look into how the new urban spaces of the Laowaitan are being used and by whom, and why those people were attracted to the Laowaitan, their original intention of coming here, and their current business or living conditions. If we consider the local state-led urban redevelopment as physical reproduction of urban spaces, what follows in urban redevelopment would be social reproduction of urban spaces, namely the process in which new users of urban spaces come in to occupy, interpret, and modify such spaces, adjusting such spaces to their own socio-spatial demands. The interaction between the original urban planning and design by the urban redevelopers and the spatial perceptions and business strategies or lifestyles of urban space users is of particular importance for a full understanding of the urban redevelopment. Yet I leave the analysis of the Laowaitan's governance problems and its coping strategies to the next chapter, and focus this chapter on the uses of urban spaces at the Laowaitan after the redevelopment.

There are a variety of possibilities for categorizing urban spaces at the *Laowaitan* after the redevelopment, such as the industry the spaces are used for, the space users' demographic compositions, and the spaces' architectural styles and land use patterns. The central concern of this chapter, however, is to explore the interaction between the spaces and their users. With this interactive perspective in mind, I categorize the new urban spaces at the *Laowaitan* into four types: the spaces of global flows, the local business-as-art spaces, spaces of chain stores, and unconscious spaces. I will discuss each of the four categories of new urban spaces in the following sections.

## 1 THE SPACES OF GLOBAL FLOWS

China's Reform and Opening-up policy re-creates a market economy in China and incorporates it with global capitalism. With China's door opened, a lot of overseas Chinese and foreigners come to China for business opportunities, tourist attractions, and Chinese language and culture. This global population, whether temporary or relatively long term, constitutes an increasingly visible part of China's urban dwellers and consumers of urban spaces. I define the "spaces of global flows" as such urban spaces where individual business owners are originally from outside of mainland

China and the patrons and clients are also highly global and mobile. These spaces are the socioeconomic consequences of globalization. Yet these spaces are not necessarily enclaves of the global population; rather, they are usually the spaces where the global population intermingles with the local population in Chinese cities.

#### 1.1 The Catering Industry

While Tianyi Square is widely considered primarily as a shopping space where people of different ages and income levels can enjoy themselves, the foremost impression of the Laowaitan is a place for nightlife at fantastic bars and restaurants with trendy designs and unique themes. Indeed, as some bars and restaurants have become very popular in Ningbo, they have become the Laowaitan's signature. In addition, the catering industry is by far the most globalized industry at the Laowaitan. There are a lot of spaces of global flows in the catering industry at the Laowaitan, most of which have their unique "cultural" themes and have established their fame in Ningbo. They are important spaces for Ningbo's global population to meet each other and to meet local Ningbo people.

Most of the Laowaitan's bars are located on Middle Road. The Shamrock Irish Pub is perhaps the most popular pub at the *Laowaitan*. Located in the southern portion of Middle Road, the pub is among the earliest businesses at the Laowaitan that were opened in 2005. The owner of the pub, Mr. L, is a Hong Kong businessman who has run factories in mainland China since the early 1990s. Finding an emerging market for foreign cuisine in Ningbo, Mr. L made his first try in the catering industry when he opened Indian Kitchen (Yindu xiaochu) in 2003 on Ningbo's Sun Yat-sen Road. Right now, Mr. L's family lives in Ningbo and his main business is catering, while his factories are taken care of by his business partners.<sup>1</sup>

The genuine Irish-British style of the pub attracts both Chinese and foreign patrons to come to enjoy coffee, beer, snacks, pizza, billiards, and live soccer matches on TV. Some foreigners are apparently regulars, who talk with Mr. L in front of the pub in English, talk with waiters and their Chinese friends in Mandarin Chinese, and take their regular seats as usual. For many of them, the Shamrock Irish Pub is often a place where they can meet with friends whom they do not meet often elsewhere. According to Mr. L, many of Ningbo's local businessmen doing foreign trade often treat their foreign business partners at the pub.<sup>2</sup> As I observed, patrons of the pub are mostly young male Chinese, foreigners of both genders



Fig. 5.1 The Shamrock Irish Pub on Middle Road (photographed by the author in October 2011).

(different ages and countries of origin), and, sometimes, foreign family groups (see Fig. 5.1).

The Banana Leaf Curry House (*jinoye gali wu*) restaurant is just opposite to the Shamrock Irish Pub on Middle Road. Originally, it was operated as a franchised chain store of the Hong Kong–based Banana Leaf Group and was characteristic of Southeast Asian cuisine, especially Thai cuisine. But it did not do well. Later on, Mr. L purchased the Banana Leaf Curry House and has operated it under his former brand of Indian Kitchen, adding significant amount of Indian cuisine.<sup>3</sup>

Some of the spaces of global flows are created as joint ventures by both the local population and the global population. Located on Yangshan Lane, both Le Cargo Bar and the Mexican Tapas Restaurant & Lounge (kamaya Moxige fengqing canting) are joint ventures of a local Ningbo businesswoman and her French business partner. They had been doing foreign trade with each other for over ten years when the French partner proposed that they open a bar and a restaurant in Ningbo.<sup>4</sup>

Le Cargo Bar was also among the earliest businesses at the Laowaitan, occupying an 80-square-meter shop near the intersection of Middle Road and Yangshan Lane. The shop was purchased by the Ningbo businesswoman for two million yuan. As indicated in its French name, it is a theme bar characterized by the shipping culture and the French culture, and the bar is decorated with nautical instruments and charts, and in blue and red, colors of the national flag of France. It is said that this used to be the most popular bar at the Laowaitan during midnight through early morning, namely, after 9 pm or even after 12 pm. The Mexican Tapas Restaurant & Lounge was opened in 2007. At that time, there was no shop available for purchase, so it rents a three-story shop in Yangshan Lane, just about 20 meters west of Le Cargo Bar. The manager and bartender of the restaurant is French, who used to work for the restaurant owner's foreign trade company. The restaurant mainly serves Mexican cuisine and is decorated in a salient Mexican style.<sup>5</sup> When I was doing fieldwork there from 7 to 9 pm, the Ningbo owner brought her foreign business partners into the restaurant to talk and drink, later joined by the French manager. Apparently, neither the bar nor the restaurant is established for money-making only. Entertaining their business partners in the foreign trade industry is another important function.

Some other spaces are managed completely by foreigners. North of the Shamrock Irish Pub on Middle Road, The Office Bar was opened in 2011. After a period of unsuccessful operation by its original owner, a local Ningbo businessman, this bar was sold to an American man, the editorin-chief of the magazine Ningbo Guide (wo ai Ningbo). This is a highly influential local guidebook disseminating Ningbo's variety of local information on dining, shopping, culture, and transportation in English. Since a lot of bars and restaurants want to post advertisements in this magazine, this American man has a broad social network in Ningbo's catering and entertainment industries, and his bar has thus become very successful.<sup>6</sup>

This American man also took over the Z Red Spoon from its former Singaporean owner. This store was once again taken over by his friend Bruce. Bruce is also an American, originally from Arizona. He came to China in 2007 and had worked in the manufacturing industry with his business partner until his business partner went back to the USA. He, unfortunately, found it very hard to find a job in the USA. Therefore, he decided to stay in China. He had been interested in the Z Red Spoon for quite a while before he really took it over in collaboration with a Moroccan partner. He redecorated this store and renamed it "Tasty's," serving typical American fast food, mainly sandwiches and hot dogs.<sup>7</sup>

The American owner of The Office Bar has a lot of foreign friends to help him run the bar. The Office Bar usually has a lot of patrons at night and on weekends, who enjoy live American football telecast and a sense of foreigners' community here. A lot of foreigners are regulars of Tasty's as well. These patrons work in office buildings nearby, and they often come to Tasty's for lunch and talk with each other.<sup>8</sup>

Some of the spaces of global flows are managed by contemporary overseas "Ningbo Clique" merchants, of which Ala Bourbon Street Bar is a salient example. Different from all other bars, Ala Bourbon Street Bar is not located on main streets of the *Laowaitan*, but in an interior building surrounded by Shikumen buildings between Middle Road and Outer Road. As mentioned before, its owner is Mr. W, a Chinese American businessman whose ancestors were natives of Ningbo. The bar was opened on March 17, 2005. It occupies an entire building, the interior business space of which is the biggest among all bars at the *Laowaitan*. The bar hosts live music, dance, and other performances regularly, the sound of which may be very loud. In 2007, it was awarded "the favorite bar of foreign visitors" (*zui shou waiji youren xiai jiuba*).9

In 2009, as part of the renovation project of Ala Bourbon Street Bar, some space on the first floor of the bar was split out to run a new restaurant. The restaurant just carries the same name with the bar and mainly serves local Ningbo cuisine and snacks. In addition, Ala Bourbon Street Bar also has an outdoor bar on the waterfront promenade along the Yong River, which is very popular in summer. The NBUCI gave this outdoor space to the bar for free some time after its opening because the bar is a big tenant that rents an entire building at the *Laowaitan*. <sup>10</sup>

## 1.2 Loft-Style Offices

Some of the spaces of global flows are not spaces for consumption but spaces as offices. Loft studios are apparently part of the *Laowaitan* redevelopment scheme. Indeed, as any space atop the first floor of shops will be a bit difficult to use for retailing and the catering industry, there must be appropriate arrangement for this kind of space. Some former *Shikumen* residences also have the potential as loft studios. Since they are located in the interior of the *Laowaitan*, the spaces are usually quiet and thus suitable for offices. The business owners of such loft-style offices are typically professionals working in the creative industry or businessmen in other industries who are fond of such office styles. They appreciate the cultural atmosphere of the *Laowaitan* and deem the spaces appropriate for their offices.

In September 2007, it was decided by the North Bank authority that Block Three of the Laowaitan would become a creative industry base for such industries as architectural design, industrial design, media, and online game. 11 This so-called 1842 Creative Industry Base (1842 chuangyi change jidi, in which 1842 refers to the year when the Treaty of Nanjing, which stipulated the opening of the Ningbo treaty port, was signed) was reported to have attracted over 20 such firms in creative industry by September 2008.<sup>12</sup> This policy was dedicated to diversifying the industrial structure of the *Laowaitan*. Though most of the firms in the creative industry are Chinese owned, an exception exists that falls into the category of the spaces of global flows.

The Chelona Wooden World (binfen hailuona) is a German producer of wooden toys. A design office of Chelona was opened in May 2009 by a Greek man at the Laowaitan's intersection of Middle Road and Yangshan Lane. The Greek man used to be a manager of a wooden toy firm in Greece. As China has become one of the most important production bases for the global toy industry, he made business trips to China several times. His first business trip to China was in 2004 to Ningbo, and his first impression of the Laowaitan was fantastic. He was later on dismissed by his employer because, as he claimed, he knew too much and had become a threat to his employer. After the dismissal, he decided to establish his own firm in China. 13

When he was looking for office space for his own firm in Ningbo, he did not want his firm to be submerged in high-rise office buildings. He thinks he is an artist doing industrial design, and thus, the unique atmosphere of the *Laowaitan* is very appealing to him. He feels that the Laowaitan is very Chinese and quiet, but its overall feeling also resembles the waterfront in Amsterdam, the Netherlands, where he had worked for a while. So he rents this three-story shop at the Laowaitan. Very interestingly, the Greek owner uses this three-story shop as both office space and living space. The first level of the building is the office for his employees and products showcase space; the second level is his own office, reception room, and an eat-in kitchen; and the third level is his bedroom. There is even a small courtyard in the rear of the building, where he has lunch when the weather is good, and parks his car. He likes the Laowaitan very much. He said he "feel[s] at home" here. 14 In this sense, he uses this building as a standard loft studio, which is perhaps the only case of this kind at the Laowaitan.

## 2 THE LOCAL BUSINESS-AS-ART SPACES

Alongside industrial upgrading and city beatification, urban spaces become the subject of consumption in China. This is particularly obvious at the *Laowaitan*, which is targeted at high-end conspicuous consumption. Chinese businessmen quickly learn the techniques of creating trendy spaces and aestheticized commodities and services for consumption. For both business owners and consumers, business and consumption embody meanings beyond the material contents of commodities and services, such as taste, fashion, prestige, and romance. I thus define the "local business-as-art spaces" as such urban spaces managed by local Chinese businessmen for the purpose of doing business as art or, in other words, for the production and consumption of symbols and atmosphere as attached to concrete commodities and services.

Indeed, a lot of the spaces of global flows, as discussed previously, share a number of significant commonalities with the local business-as-art spaces. For example, the local business-as-art spaces may also be spaces where the global population and the local population intermingle with each other, and the business owners of local business-as-art spaces may also have broad global business networks. The only significant difference usually might lie in whether the business owners of such spaces are global or local by its origin. I use "local" as opposed to "global," and thus, the "local" refers to "Chinese" and "indigenous" elements originating from within mainland China, not necessarily elements originating from the specific Chinese city. The purpose of artificially distinguishing the "local" from the "global" is to identify the different sources of momentum for the creation of China's new urban spaces. While the spaces of global flows embody the direct impact of globalization on China's urban socio-spatial ecology, the local business-as-art spaces demonstrate the more indigenous power from within China stimulating socio-spatial transformation of Chinese cities.

## 2.1 The Catering Industry

The catering industry is also a salient industry in which the local business-as-art spaces boom. Many local Ningbo businessmen appreciate the historic *Laowaitan* as the venue for their businesses and obtain inspirations from their travel or work experiences from abroad. Thus, in parallel with global flows of overseas investors from the outside, they bring about

indigenous globalization from within China. However, they have a better understanding of the history of Ningbo and the local market demands, with which they are better able to integrate more local elements into their spaces and business strategies.

Many local Ningbo businessmen are among the business owners of the catering industry. The Bass Clef Bar (beisi jiuba) is located near the north end of Middle Road. Opened in 2008, it rents the former Swire Pacific building. This historic building, which was dedicated in 1879, 15 had been always empty since the completion of the *Laowaitan* redevelopment until the opening of the Bass Clef Bar. The owner of the bar, Hanson, is a native of Ningbo who used to work as a manager of a club serving Chinese diplomats in Islamabad, Pakistan. The unique atmosphere and feeling of the Laowaitan and the former Swire Pacific building in particular inspired him to run a bar in a classic style here. He and his partners have also been operating bars in other places in Ningbo, but the styles of those bars are essentially different. 16 The interior design of the two-story Swire Pacific building, which is characterized by a nostalgic atmosphere, is designed by Ningbo's leading interior decoration firm Gotel Design Studio (gaode sheji). Black-and-white pictures of modern Ningbo, and particularly of the Laowaitan, are hung on the walls inside the bar to help create such a nostalgic atmosphere. This bar is basically a quiet bar; nonetheless, Filipino bands are invited to play at the bar from time to time.

In addition, Hanson also runs an outdoor bar on the waterfront promenade along the Yong River. This space is given by the NBUCI to Talking Street English (Ningbo zhiyue waiguoyu zhuanxiu xuexiao, or more commonly called *Tangningjie yingyu*), a leading English-language school in Ningbo located at the Laowaitan, for free. The Bass Clef Bar is contracted by Talking Street English to operate this outdoor bar in this space.<sup>17</sup> Hanson and his business partners later on opened Old Ferryboat Pub (lao duchuan jiuba) and 70 House Pub on Middle Road, just a few meters south of Bass Clef Bar. In 2011, he took over another small shop just next to Z Red Spoon and opened Easy's Bar there.

Some of the business owners are not originally from Ningbo but from other cities in the pan-Yangtze River Delta region, yet they carry out a substantial amount of business in Ningbo. Da Bossi Restaurant is an Italian restaurant located at the intersection of Middle Road and Yangshan Lane. Owned by Mr. Z, a Wenzhou businessman doing foreign trade, this restaurant was opened in November 2009. Mr. Z has traveled around the world for business. After enjoying Italian cuisine twice in the USA and Italy, he decided to bring Italian cuisine to China. One day, as he was walking around the *Laowaitan* with his friends, he came across a vacant shop there. He saw that as the perfect venue for his imagined restaurant. Since the owner of this shop was not willing to sell the property, Mr. Z has been renting this three-story shop, the total floor area of which is 600 square meters. Da Bossi Restaurant is said to be the only genuine independent Italian restaurant in Ningbo and has become very popular among both Chinese and foreigners. <sup>18,19</sup> In addition to dining, Da Bossi Restaurant also provides space for cultural activities. In October 2010, two Chinese painters held a small-scale exhibition of their landscape paintings and a follow-up salon at Da Bossi Restaurant. <sup>20</sup> The two painters are friends of Mr. Z. Actually, Mr. Z has a lot of friends working in cultural circles. <sup>21,22</sup>

The aforementioned businessmen are all involved in other businesses besides their shops at the *Laowaitan*, and thus have considerable total assets. Some other business owners, however, only have one shop. The Ancient Coffee (*ai kafei*) is an independent coffee shop located in a typical *Shikumen* building. This building used to be occupied by an unsuccessful pub operated by the landlord and had been empty for a long time until Ancient Coffee came here in 2009. Tony is the owner of Ancient Coffee, who has been operating this coffee shop since 2004. Originally located near the Sheraton Hotel in the East Bank District, it was moved to the *Laowaitan* in 2009 because the previous landlord did not want to renew the lease with Tony. Tony chose this property because he likes the cultural atmosphere of the *Laowaitan* and this *Shikumen* building.<sup>23</sup>

Tony wants to make the Ancient Coffee a social space dedicated to exchanging and sharing culture and thoughts among various people, rather than a pure consumption space dictated by principles of moneymaking. Although Tony is a college graduate who majored in engineering, he is interested in humanities. He organizes reading workshops among his patrons and friends every two months at the Ancient Coffee. Each workshop is organized on a Thursday and lasts for 90 minutes, starting at 7:30 pm. Anybody may propose to give a presentation of a topic on which he or she has conducted some research and wants to share with others. Once confirmed, the date, venue, and topic of the reading workshop is posted on douban.com, a major Chinese website sharing reviews and commentaries of books, movies, music, and cultural events. Anybody who is interested in the workshop is welcome to register and join. Tony also organizes open-day activities from time to time, during which participants can enjoy various types of coffee for free and learn something from Tony about how to taste coffee.24

#### 2.2 Loft-Style Offices

Some loft-style offices fall into the category of the local business-as-art spaces as well. The Gotel Design Studio is a famous interior decoration firm in Ningbo. A native of Ningbo, Mr. F founded his Studio in 1999, and its office was moved to the Laowaitan in 2007. Years before the shifting, Mr. F had purchased this two-story shop near the intersection of Middle Road and Station Road. As the office environment of the studio's previous location deteriorated, Mr. F thought it would be a good idea to move his firm to the shop at the Laowaitan, the cultural atmosphere of which seemed more suitable for his studio.<sup>25</sup> The first level of his studio is completely dedicated to showcasing his artistic design featuring high floor height and breathtaking decoration in traditional Chinese style, while the remaining two levels are used as his and his design team's office spaces. Interestingly, the interior decoration works of Mr. F's studio can be easily found in other shops at the Laowaitan: Four Seasons Club Waitan (Waitan siji hui), Han Genuine Food (han zhen fang), and Bass Clef Bar.

Ningbo E-con International Ltd. (vizhou huoyun) is a Ningbo-based international freight forwarder headquartered in a two-story 700-squaremeter Shikumen building at the Laowaitan. The owner of the firm is fond of the Shikumen architecture and thus purchased this building. It has been the only case at the *Laowaitan* that a *Shikumen* building is continuously used as office space. The interior of the building is decorated in traditional Chinese style coupled with the spatial structure of a modern loft studio.<sup>26</sup>

#### 2.3 Clubhouses and Spa Stores

Clubhouse is among the six functions in the "Block Property" scheme of the Laowaitan redevelopment. In the Chinese contexts, most of them mainly serve spa, sauna, and foot massage services. Compared with clubhouses and spa stores elsewhere, the ones at the Laowaitan are characterized by either super-luxurious decoration or special cultural feeling.

The Four Seasons Club Waitan was opened in July 2007. It originally rented a three-story shop with nearly 3000 square meters of total floor area near the north end of Middle Road. Since the luxurious genuine Thai-style interior decoration of the club is very expensive, the value of which already exceeds the property value of the shop, the owner of the club finally purchased the shop. Most of its customers are private entrepreneurs doing foreign trade, including some regulars who also have their offices at the Laowaitan.27

The First Jasmines Face/Body/Wellness is relatively small and less luxurious, yet with unique cultural feeling due to its location. It rents the heritage building in the Site of Former Police Station in the southern portion of Middle Road. It pays rent to the Catholic church, as the right to use of this heritage building was transferred to the Catholic church by the NBUCI in partial compensation for the demolition of church property during the redevelopment of the cathedral area. As the fire prevention requirement of the building is high, it is not allowed to open a restaurant in this building. So before this store was opened in 2007, the building had always been empty. The owner of the First Jasmines Face/Body/Wellness is a local Ningbo businesswoman doing other businesses as well. She is personally fond of spas and has been to Thailand to learn how to do them. She runs this store mainly for fun, not for profit.<sup>28</sup>

## 3 Spaces of Chain Stores

While the *Laowaitan* always boasts its uniqueness, chain stores have also been exploring business opportunities at the Laowaitan with their overriding principle of standardization. With their common brand, centralized management, and standardized business strategies, they treat the Laowaitan more as one of the many venues of their standardized business operation than a unique place demanding distinctive spatial and business strategies. Though they choose the Laowaitan also because of some of its salient features, such as the strong conspicuous consumption atmosphere, the waterfront landscape, and the heritage buildings, these elements are still overwhelmed by their overriding logic of standardization. I thus define the "spaces of chain stores" as such urban spaces where successful chain stores in various industries, both large transnational corporations and Chinese domestic firms, run their franchises in accordance with their overriding principle of standardization. Thus, such spaces are essentially different from spaces of global flows and the local business-asart spaces, both of which emphasize uniqueness in terms of spatial and business strategies.

## 3.1 The Catering Industry

Big transnational corporations have their chain stores at the *Laowaitan*. Starbucks has a store housed in the northeastern corner of Yan's Mansion. It is also among the earliest businesses opened at the *Laowaitan*. When

being interviewed by me in 2009, Mr. W, a waiter at this Starbucks store, told me that the store had always been suffering from deficits since its opening in November 2004 because there are not enough customers.<sup>29</sup> Yet deficits at some stores are, of course, not a big problem for such a big transnational corporation as Starbucks. Starbucks values the strategic and symbolic location of the *Laowaitan* and wants to retain this store anyway.

Ningbo-based chain stores also run their stores at the Laowaitan. E-Kaffi (yi ka fei) is the biggest Ningbo-based chain store of coffee shop. Its Laowaitan store is in a four-story shop at the intersection of People's Road and Yangshan Road. It is a middle-range coffee shop that serves very affordable coffee and Chinese set food. Many white-collar professionals who work in the Laowaitan area often have lunch here. According to a waitress there, however, this store made the least profit among all of its chain stores in Ningbo because it did not have as many customers as other stores.<sup>30</sup>

#### 3.2 Boating Club

With its waterfront location, the Laowaitan has the capacity for providing water recreational facilities. The boating industry is not among the targeted industries in the original redevelopment scheme of the *Laowaitan*. The redeveloped Laowaitan still has its docks preserved along the Yong River, which used to be the properties of the former Ningbo Ferry Terminal. The NBUCI owns a number of docks in front of the Ningbo City Exhibition Hall.

The Leisure Boating Club, an Australian boating club, invested 15 million yuan to run a club in Ningbo, which was opened in June 2008.<sup>31</sup> This is one of the achievements of the inward investment attraction by the North Bank authority during the Zhejiang Investment and Trade Symposium held in Ningbo in 2007. The Leisure Boating Club rents docks from the NBUCI, the total length of which is 100 meters, and the club builds 20 berths. The club also rents office space inside the Ningbo City Exhibition Hall from the NBUCI.<sup>32</sup> Boating routes to Zhoushan Archipelago, Xiangshan, and Ninghai are provided through waterways of the Yong River.

Boating is still a new industry in China, and it is not easily affordable for ordinary people. For example, the annual membership fee of the Leisure Boating Club in 2008 was at least 60,000 yuan. The members can rent yachts of the club for only 4-6 times a year and pay extra fees for gasoline and yacht captain each time.<sup>33</sup> It is appropriate to place such a luxurious boating club at the Laowaitan, in that the Laowaitan is expected to be a place of various types of high-end consumption. Ningbo is chosen by the Leisure Boating Club because Ningbo's wealthy private entrepreneurs are regarded as highly potential consumers of the boating industry. Indeed, most members of the club are private entrepreneurs. In May 2009, Mr. Hu, a member of the club and a rich Ningbo entrepreneur, rented a yacht to sail to Jintang Island of Zhoushan Archipelago to pick up his newly married bride as part of his wedding ceremony.<sup>34</sup>

Many of my interviewees working in the catering industry at the *Laowaitan* complained that there is not enough flow of people at the *Laowaitan*, and thus their businesses suffer due to a lack of customers. However, the public relations director of the Leisure Boating Club does not want the *Laowaitan* to have too many visitors because privacy is important for this private boating club targeted at the upper classes. She is the only interviewee throughout my fieldwork who prefers to have less people at the *Laowaitan*. It can be found that expectations of different businesses vary significantly; sometimes, just like in this case, they simply contradict each other.

## 3.3 Photographic Studios

There are a few photographic studios located on the southern portion of People's Road. Among them, the Paris Spring (*Bali chuntian*) is a Hangzhou-based chain store of photographic studios. Its *Laowaitan* store was opened in 2004 on People's Road. The main point of establishing a photographic studio at the *Laowaitan* is to take advantage of the *Laowaitan* as an outdoor photographing base, as the *Laowaitan* has been a popular venue for outdoor photographing for various purposes, especially weddings.<sup>36</sup>

## 4 Unconscious Spaces

Despite the fact that the *Laowaitan* always boasts its uniqueness, some business owners, residents, and speculators do not have such conscious appreciation of its supposed uniqueness. They see the *Laowaitan* as an ordinary business or residential district which may not be that distinct from other places. Though they might have been influenced by some of the marketing strategies of the *Laowaitan*'s redevelopment team and thus believe in the *Laowaitan*'s market value due to some of its features, such as the strong conspicuous consumption atmosphere, the waterfront landscape, and the

heritage buildings, these elements are less important than the more practical considerations. For example, some of them simply need a place for their business and they just happen to find the Laowaitan, while others just want to speculate on real property and they happen to find that there are some shops and apartments for sale at the *Laowaitan*. If their practical demands are not met, say, they are unable to make profits by speculating on real property, the supposed uniqueness of the Laowaitan is meaningless to them.

I thus define "unconscious spaces" as such urban spaces where the space users do not have a conscious appreciation, understanding, or even realization of the distinctiveness of the spaces and, in turn, do not develop conscious interactions with the spaces. In other words, the space users, on the one hand, are unconscious of the distinctiveness of the spaces and, on the other hand, see the spaces as unconscious as well.

#### 4.1 Nightclubs

There are some nightclubs at the Laowaitan featuring dance floors and live music performances, but local Ningbo people called them "noisy bars" (nao ba) instead of nightclubs. Their business owners simply consider the Laowaitan as a good place to extend their businesses and would not think about anything like the history or culture of the Laowaitan. The Dibai Bar & Club (Dibai jiuba Yule huisuo) was opened in March 2008. It occupies a large portion of Yan's Mansion building, with the main entrance near the intersection of Middle Road and Yangshan Road. Its owner is from Fenghua, a subsidiary county of Ningbo. Mr. W was a young usher at the club in the summer of 2009. Like most employees at nightclubs, he usually worked from 4 pm to 1 am on workdays. Patrons vary from one another significantly, including both hooligans and decent businessmen. Since the bar is always playing extremely loud music inside when it is open, employees have to talk into each other's ears to make themselves heard.<sup>37</sup>

Starbucks, the neighbor of the Dibai Bar & Club, suffered from the noise of the club. Both the Dibai Bar & Club and Starbucks are located in Yan's Mansion in close proximity. Since the sound insulation effect of the wall between the two shops is not good, while Starbucks strives to create a quiet and relaxing atmosphere for its patrons, the club's loud music destroys Starbucks' efforts. In some extreme cases, the wall between the two shops even shook when extremely loud music was playing inside the club. Starbucks complained against the noise many times to the property management company of the Laowaitan.38

## 4.2 Craft Shops

The India Craft (*Tianzhu gongfang*) is a Sichuan-based chain store of Indian-style crafts and clothing. Yet it does not have a centralized management system and its franchised stores operate relatively autonomously. There is a franchise near the intersection of People's Road and Station Road at the *Laowaitan*. The owner of the store said she thought of Tianyi Square when looking for a shop in 2008, but finally chose the *Laowaitan* because the rent is lower and the environment is good. She does not think the atmosphere of the *Laowaitan* has significant impact on her store's operation. Actually, this feeling is common to many stores located on People's Road. For example, a barber in a hair salon on People's Road said that the business of the salon is acceptable, but most businesses facing main streets are doing fine, and it is irrelevant to the *Laowaitan* itself.<sup>39</sup>

The owner of the India Craft admits that the location of this shop, which is on such a main street as People's Road and close to the Ningbo North Coach Terminal, <sup>40</sup> guarantees that there is enough flow of people in this area. Such locational advantages, however, have nothing to do with the *Laowaitan*'s supposed uniqueness in terms of history, culture, and landscape. <sup>41</sup>

### 4.3 Furniture Mall

In some relatively large-scale retailing spaces, some businessmen even considered operating shopping malls. Bolishe was a proposed medium-sized furniture mall which rented 5500 square meters of retail space under No. 5 Mansion apartment building in 2007. It was originally expected to sublease its retail spaces to retailers selling home furniture and sanitary products. If opened, it would have definitely been the biggest single business at the *Laowaitan* in terms of space. But because of global economic downturn starting in 2007, Bolishe was never really opened, as few retailers came to rent shops in the mall. Indeed, the rent of each unit of shop in this proposed mall was high: 400,000–500,000 *yuan* per year. Mr. L, owner of Bolishe, said that this incurred a monthly deficit of 100,000 *yuan* to him. Even his own flagship furniture store in the mall did not have any business either.<sup>42</sup>

Mr. L is a native of Ningbo. When I first saw him and talked with him, he was very casually dressed, seated in a corridor inside the mall, and was just about to start his lunch, crabs and a bottle of beer. All shops inside

the mall were still vacant except the one he himself used to sell traditional Chinese-style furniture and another shop leased to the Living New Zealand (zaojiu rensheng), which sells artistic scented soaps. He seemed depressed, and nobody would know he was the owner of the mall unless they asked him. Mr. L chose to invest at the Laowaitan because it was a famous business district in Ningbo. But he found that the Laowaitan had lost its liveliness (rengi) after the termination of the Ningbo-Shanghai ferry route. Quite disappointed due to the failure of his Bolishe, Mr. L said that the Laowaitan is doomed to fail, and investing at the Laowaitan is just like throwing money directly into the Yong River. He thought that the Laowaitan might be a good tourism destination but not a good business district. He sneered that the best business at the Laowaitan is interior decoration, as stores open and shut down frequently, and each new store needs new interior decoration. He even attributed the failure of his business and of the Laowaitan to the North Bank District itself: he thought the North Bank District has never been really developed in comparison with Haishu District and the East Bank District. 43

Bolishe was shut down in 2009. In total, it had been in nominal operation for about two years. In October 2009, the Ningbo Real Estate Co., Ltd. (Ningbo fangdichan gufen youxian gongsi) moved most parts of its office to the scattered space on the second level of the shop.<sup>44</sup> And a sales office for its residential project Greenwood Bay (qing lin wan) was also opened in the shop space on the first floor facing the Yong River. The ownership of all retail stores has been transferred to the Ningbo Real Estate Co., Ltd. This is actually part of the organizational restructuring of the NBUCI. The Ningbo Real Estate Co., Ltd. is a subsidiary of the NBUCI, primarily in charge of residential estates development in Ningbo. As ownership of this property under No. 5 Mansion is still retained by the NBUCI, and Bolishe failed, it is easy to understand that the Ningbo Real Estate Co., Ltd., which also needs more office space, has moved here to make use of this space, which otherwise would probably continue being empty for some time.

#### 4.4 Offices

Some firms chose the Laowaitan as their office spaces without much conscious appreciation of its distinctiveness. The Yusheng Kitchenware (yusheng chuju) was founded in early 2009, the main business of which is designing kitchenware and operation flow for kitchens in big hotels.

The owner of the firm purchased an office space on the third level inside a block at the *Laowaitan* long before, but it had always been empty until the firm was moved here. Similar to the story of the Dibai Bar & Club and Starbucks, a designer at the Yusheng Kitchenware complained that some neighboring stores, such as the Ala Bourbon Street Bar, are very close to the firm, and thus, the noises of the stores often negatively affect their work environment. He thinks the high-end consumption at the *Laowaitan* is irrelevant to him.<sup>45</sup>

## 4.5 Residential Space

There are two upscale apartment buildings at the *Laowaitan*: No. 5 Mansion and City Apartment, located in Block Five and Block Three, respectively. In the entire project of the *Laowaitan*, City Apartment is the highest building. There are 39 apartment units in No. 5 Mansion, and 48 apartment units in City Apartment. Indeed, both the apartment buildings are pioneering luxury apartment projects in Ningbo. Although their prices were very high when they were opened for sale, they were sold out at a stunning speed. For example, the unit price of apartments in City Apartment was usually over 10,000 *yuan*/square meter in 2004, and the total price of each apartment usually exceeded five million *yuan*. Yet all 48 apartments were sold out within three days after the building was opened for sale.<sup>46</sup>

Ma Qingyun expected the two apartment buildings to be inhabited by a "local population" of the *Laowaitan*. However, to most people, the *Laowaitan* is predominantly a commercial district. The flow of people and traffic in this district is difficult to regulate, as this district is completely open to any visitors, rather than a gated community controlling the flow of people and traffic by security guards and fences and gates. The *Laowaitan* is a place of nightlife, full of bars that operate until midnight. This makes it difficult to protect the privacy of residents living in the two apartment buildings and guarantee a quiet living environment, and thus, the *Laowaitan* is not considered as an ideal place for residence.

In addition, upscale apartments in the two buildings are expensive, and many of its buyers are investors, who expect a significant increase in its property value. Those investors seldom live in those apartments themselves. They even do not bother to lease them out for rental income. They just retain those apartments to keep their assets and hope to sell them sometime in the future to make a profit. This makes the vacancy

rate of those apartments very high. Many rich Ningbo businessmen are accustomed to buying real property to keep their assets inflation-proof, including shops, offices, and apartments at the Laowaitan.<sup>47</sup> Therefore, the expected "local population" of the Laowaitan is very limited in its quantity, and a sense of community can hardly be found.

As residents living in the two apartment buildings are difficult to access due to tight entrance and exit control of the apartment buildings, I just interviewed one resident by accident in August 2009 when the interviewee was walking with his grandson on the waterfront promenade at the Laowaitan. Originally from Jinhua, Zhejiang, this old man is probably in his 60s or 70s. His son, who does business and has his own family in Ningbo, bought an apartment in City Apartment in 2005. It is a two-level duplex apartment, with a total floor area of 300 square meters. Its unit price in 2005 was 8000 yuan/square meter. The old man was temporarily living here with his son's family for a while. He said that in the two blocks of City Apartment, the vacancy rate is pretty high. He does not think sounds of businesses at the Laowaitan affect his family very much, however, as his home is on a high floor in the apartment building.<sup>48</sup>

#### 5 CONCLUDING REMARKS

As the NBUCI's second strategic urban redevelopment project, the Laowaitan has become another commercial success and landmark of Ningbo. New industrial spaces, new consumption space, and new residential spaces have been produced. The Ningbo authority and its subordinate NBUCI are the producers of the new urban spaces of the redeveloped Laowaitan. Yet upon the completion of the redevelopment project, the users and consumers of such urban spaces will continuously reproduce such spaces with their own interpretations of how such spaces should be used and modified.

From an interactive perspective, the relationships between spaces and their users, as well as the relationships between various space users, reflect the space users' perception of spaces and of other space users, and such relationships constantly change alongside the changes of spaces and space users. Such relationships, joined by the local entrepreneurial state at various levels that initially launches urban redevelopment and is involved in the long-term governance of the new urban spaces, constitute "spatial politics," or the story of conflicts, struggles, negotiations, and collaborations in the governance of urban spaces. Such issues will be discussed in detail in the next chapter.

## Notes

- 1. Personal interview with Mr. L on July 15 and 30, 2009.
- 2. Personal interview with Mr. L on July 15 and 30, 2009.
- 3. Personal interview with Mr. L on July 15 and 30, 2009.
- 4. Personal interview with the manager of the restaurant and the bar on August 5, 2010.
- 5. Personal interview with the manager of the restaurant and the bar on August 5, 2010.
- 6. Personal interview with the manager of the Shamrock Irish Pub on October 14, 2011; interview with Bruce, owner of Tasty's, and Fly, owner of Wonderland bar, on October 17, 2011.
- 7. Personal interview with the manager of the Shamrock Irish Pub on October 14, 2011; interview with Bruce, owner of Tasty's, and Fly, owner of Wonderland bar, on October 17, 2011.
- 8. Personal interview with the manager of the Shamrock Irish Pub on October 14, 2011; interview with Bruce, owner of Tasty's, and Fly, owner of Wonderland bar, on October 17, 2011.
- 9. Personal interview with the assistant manager of the Ala Bourbon Street Bar on August 3, 2009.
- 10. Personal interview with the assistant manager of Bourbon Street Restaurant on July 16, 2009.
- 11. Wu, Junqi, and Ying Shen. 2007. Laowaitan jiang dazao chengwei woshi chuangyi chanye jidi [The Laowaitan Will Be Made A Creative Industry Base in Our City]. *Ningbo riabo* [*Ningbo Daily*], Sep. 12.
- 12. 2008. chuangyi Jiangbei: wenhua chanye zhutui Jiangbei tengfei [Creative Jiangbei: Cultural Industry Gives A Spur to North Bank District's Development]. *Ningbo riabo* [*Ningbo Daily*], Sep. 9.
- 13. Personal interview with the designer at Chelona on July 29, 2009; interview with the Greek owner on August 3, 2009.
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# The Flawed Governance of the *Laowaitan* and the Coping Strategies

If judged by the prices at which the shops and apartment units are sold, as well as the stunning speed of sales, the redeveloped *Laowaitan* indeed is another great success for the Ningbo authority and the NBUCI as a commercial real estate project. In addition, upon finding the spaces as discussed in Chap. 5, the *Laowaitan* also seems to be a fantastic place full of cool bars, restaurants, and retail stores, as well as an innovative place of loft-style offices for the creative industry. But the governance of the *Laowaitan* is destined to be more complicated and even problematic compared with that of Tianyi Square. The flawed governance of the *Laowaitan* quickly surfaced not long after its opening, and it took years for various stakeholders to find the appropriate coping strategies. This chapter will first present an analysis of the problems with the governance of the *Laowaitan* and then will examine the efforts of the local state in collaboration with the business owners at the *Laowaitan* in search of coping strategies.

## 1 FLAWED GOVERNANCE OF THE LAOWAITAN

Under the surface of a big commercial success, complaints and conflicts regarding the governance of the *Laowaitan* were accumulating. Visitors and consumers of the *Laowaitan* just come to enjoy the scenery, food, drinks, and entertainment activities and typically do not know much about how the *Laowaitan* is governed. Yet many business owners are unsatisfied

with their business performance and unhappy with the NBUCI's property management company and the North Bank District government. Meanwhile, the NBUCI's property management company seemed helpless and aggrieved when being criticized by the business owners, and the North Bank District government was disappointed and even angry with the NBUCI. Why did the governance of the *Laowaitan* become so complicated and problematic? There are a number of reasons for such flawed governance.

## 1.1 Problematic Business Planning and Regulation

Business planning, regulation, and property management are the duties of the NBUCI, its redevelopment partners, and its subsidiaries. The two duties are closely interconnected. During the redevelopment, the NBUCI and Lihongtian had very clear, innovative, and well-designed methods to select property buyers and business investors so as to make sure that all businesses would be consistent with the unique history and culture of the *Laowaitan* and the positioning of the *Laowaitan* as a "fashion landmark of the city's order" and an "upscale urban platform of social intercourse." Unfortunately, the long-term effects of this mechanism were significantly undermined, because the NBUCI and Lihongtian were not able to effectively regulate the business activities of the *Laowaitan*'s property owners and business investors.

The investors' original expectations of the *Laowaitan* were very high. But many of them have encountered difficulties of making a profit and have felt a lack of coherent business planning and regulation at the *Laowaitan*. Some other business owners are actually doing well, but they still think their businesses could be even better if the overall governance of the *Laowaitan* was improved. It is also common that they attribute the causes of those governance problems to not only the NBUCI but also the North Bank authority. Concerning the solution to the problem, overwhelmingly, they call for more supportive and preferential public policies, such as preferential tax policies.

Why so many property owners and business investors are unsatisfied with the governance of the *Laowaitan*? A single problem that was repeatedly mentioned and discussed about the *Laowaitan*'s governance is that the NBUCI sold all properties except listed historic buildings and relics out to individual proprietors. This arrangement is essentially different from that adopted for Tianyi Square and is considered as the fatal cause

responsible for many problems of the Laowaitan since the completion of the redevelopment. The logic is simple: since the NBUCI is no longer the owner of the Laowaitan's properties, it has no absolute power to determine how the properties are used.

The people who have the actual right to determine how to use the properties are the property buyers, who, of course, have very different ideas and styles of doing business. Hanson, owner of the Bass Clef Bar, commented that, since the properties of the Laowaitan's shops have been sold to individual proprietors, it is impossible for anybody to coordinate business management of the entire Laowaitan.<sup>2</sup> The result, as Mr. L, manager of Z Rocks Pub, said, is that actual business management is done by managers of individual stores just in their own capacity, which, of course, is never comparable to the effects of coherent management of the entire commercial district by a professional business management team, as what happens at Shanghai's Xintiandi.<sup>3</sup>

A further question is why the NBUCI chose to sell the properties of the Laowaitan? As mentioned in Chap. 4, Bai Xiaoyi explained that the NBUCI consciously decided to experiment on this approach in order to accumulate more project management experiences. But a Ningbobased architect explained instead that since the NBUCI holds property ownership of Tianyi Square, it is unwilling to hold the ownership of the Laowaitan, because this may slow its turnover of capital. Likewise, the NBUCI chose to build No. 5 Mansion, an upscale apartment building, rather than a hotel, in Block Five of the Laowaitan because running a hotel requires a strong hotel management team, which the NBUCI does not possess.<sup>4</sup> An architect who used to work for the MADA s.p.a.m in Ningbo in 2007 also commented that since the cost of historic conservation is so high, in order to get back the investment sooner, the NBUCI must sell the properties of the Laowaitan.<sup>5</sup>

Whatever the real reason is, the NBUCI has largely withdrawn from the daily business management of the Laowaitan since the completion of the redevelopment project. The NBUCI almost immediately embarked on new urban redevelopment projects thereafter, such as the Heyi Avenue (heyi dadao) project, another part of the Sanjiangliu'an. There is no reason for the NBUCI to pay much attention to the Laowaitan's day-to-day operation.

The Middle Road Street Office, which is the grassroots authority governing the Laowaitan area, has been obviously dissatisfied with the business strategy of the NBUCI. Mr. T, then deputy director of the Middle Road Street Office, told me that the Middle Road Street Office was strongly against the decision of the NBUCI to sell the properties. But since the decision was made by the NBUCI and got approved by the Ningbo authority, the Middle Road Street Office was unable to change it.<sup>6</sup> The Economic Section of the Middle Road Street Office is responsible for inward investment attraction in its jurisdiction, and it is able to provide preferential tax policies to attract investors. Ms. G, director of the Economic Section, even frankly commented that the NBUCI is irresponsible, in that it withdrew from long-term management of the *Laowaitan* after the completion of the redevelopment.<sup>7</sup>

When the NBUCI was intentionally withdrawing from the Laowaitan, its major partner, Lihongtian, gradually disappeared from the Laowaitan in a bit mysterious way. As mentioned before, Lihongtian was commissioned by the NBUCI for business planning and investment selection of the Laowaitan. As the NBUCI was still inexperienced in operating commercial real property projects at that time, Lihongtian did play a very important role during the redevelopment. When I was doing fieldwork in the summer of 2009, however, I found the Ningbo branch of Lihongtian was already on the verge of bankruptcy. Its office was located in a loft studio on the second level of a shop on People's Road at the Laowaitan. Most of its employees who had worked for the Laowaitan project had left Lihongtian and hopped to other companies, and its current employees did not wish to talk about the Laowaitan project. I was unable to discover the reason of Lihongtian's puzzling misfortune in Ningbo, or exactly when Lihongtian became insignificant in the governance of the Laowaitan. But anyway, I can speculate that Lihongtian had become a nonfactor ever since the final completion of property sales of the Laowaitan, sometime in 2007.

What are the consequences of the redevelopment team's retreat from the *Laowaitan*'s daily governance after the completion of the project? The problem that was most frequently mentioned by business owners was that businesses at the *Laowaitan* are too concentrated in the catering industry, and thus, the *Laowaitan* does not provide a variety of choices and attractions to visitors. In other words, industrial structure is unreasonable due to a lack of effective coordination among business owners.

Some people believed that the *Laowaitan* would be more attractive if there was a central marketplace. Mr. F, owner of the Gotel Design Studio, commented that the *Laowaitan* lacks a central marketplace, such as a shopping mall or a high-end supermarket. Ms. Y, manager of the Leisure Restaurant & Lounge, also commented that since there are no

attractive marketplaces where people can wander longer, people come to the Laowaitan only for particular purposes, especially dining. For this reason, business opportunities at the Laowaitan are mainly in summer and autumn, at night, and on weekends and holidays.9

For some others, the most explicit problem is that there are too many bars at the Laowaitan. Mr. Y, manager of the Bull Fighter Steak House, commented that there were already many bars, but there were still many new bars opening. Thus, the competition would be fiercer and even vicious, and each bar had to rely on luxurious decorations and lower prices to compete with others. This also caused a lack of diversity of industry. He proposed to open some specialty stores selling Chinese crafts and souvenirs, such as a cheongsam store, which would attract visitors to wander at the Laowaitan longer. He also suggested that the outdoor bars on the waterfront promenade be removed to give way to benches and public recreational facilities for young lovers, seniors, and children.<sup>10</sup>

In some cases, shops at the *Laowaitan* are kept empty for a long time, which is apparently a waste of business space. Mr. F, owner of the Gotel Design Studio, provided an example. A businessman doing foreign trade opened an upscale restaurant called "Han Genuine Food" in 2004 on Middle Road. Mr. F was commissioned to do interior design for the restaurant. But the poor management of the restaurant caused its shutdown soon. This businessman sought to find a tenant or a purchaser for this restaurant but did not want its interior decoration to be changed. This is of course quite improbable, because new business always entails new decoration. So the restaurant was kept vacant for a long time.<sup>11</sup>

#### 1.2 Controversial Property Management

The quality of property management is also a frequently mentioned problem. The Laowaitan Branch Office of the Ningbo City Square Property Management Co., Ltd. (Ningbo chengshi guangchang wuye youxian gongsi Laowaitan fengongsi, hereafter "the Property Management Company") takes charge of property management of the Laowaitan. It belongs to the Property Management Section (wuye ke) of the Ningbo City Square property Management Co., Ltd, which in turn is a subsidiary of the NBCSDM, the company in charge of business planning and property management of Tianvi Square.

If the Laowaitan were simply a gated residential community, the duty of the Property Management Company could not be simpler and easier. It would be basically limited to maintaining public facilities and security. However, the *Laowaitan* is primarily a commercial district open to all visitors. Most people who pay property management fees are business owners, who try their best to run successful business and make money. Since there is no unitary and coherent governing body of the *Laowaitan* responsible for business planning after the completion of the *Laowaitan* redevelopment, and since the Property Management Company belongs to the NBUCI, the developer of the *Laowaitan* project, it is quite easy to understand that many business owners expect the Property Management Company to shoulder the responsibility of regulating and promoting business at the *Laowaitan*.

Yet the Property Management Company is still an ordinary property management company anyway. It has neither the capacity nor the willingness to take charge of business planning and regulation. Even though the Property Management Company wants to prevent some undesirable stores from opening at the *Laowaitan*, for example, it is simply unable to achieve this objective, as it is totally up to individual proprietors to make the final decision. For many business owners, this weakness of the Property Management Company is still unacceptable, however.

Even more unacceptable, sometimes business owners at the *Laowaitan* feel that the Property Management Company becomes an actual obstacle to their business operation. For the reason of historic conservation, the Property Management Company is instructed by the NBUCI to supervise and approve plans of exterior decoration and changes to the original architectural structure of any shop buildings. This is well justified in its own cause. But under such circumstances, applications for such renovation and decoration works are often hard to get approved by the Property Management Company. Yet for business owners, this consideration is hard to understand and sometimes seems even ridiculous.

Mr. L, owner of the Shamrock Irish Pub, often criticized the property management of the *Laowaitan*. He said that at the very initial stage of the decoration of his Shamrock Irish Pub, he wanted to paint the exterior of his bar in red to create a British feeling. But the Property Management Company did not understand this proposal and thought a bar in red is weird. Another example is that the Shamrock Irish Pub is the first store that applied for an outdoor dining area on the sidewalk of Middle Road outside of the pub. But the Property Management Company did not understand this proposal either, as it thought it is quite strange to expect customers to like drinking and eating outside rather than inside the bar. However,

outdoor dining areas have been increasingly popular at the Laowaitan, especially on Middle Road. Furthermore, Mr. L gave an analogy as such to describe his feeling about the Property Management Company: "We are adults, while the Property Management Company is just like a baby, and thus we have nothing to talk with the Property Management Company". 12

Mr. L told me in October 2011 that until the second half of the year, the Property Management Company basically showed acquiescence that stores on Middle Road could place tables and chairs on the pavement of Middle Road to provide more space for their patrons. This was originally good in its intention and also made the overall business atmosphere of Middle Road very attractive, especially at night. As Middle Road is a pedestrian street, it has not much need for through traffic.<sup>13</sup>

However, there was no detailed regulation regarding how far those tables and chairs can go toward the middle of the road. Later on, some stores placed their tables and chairs in very chaotic ways, and very often, the entire pavement of Middle Road in front of their stores was occupied, making it difficult for even pedestrians to walk through. Faced with this problem, the Property Management Company issued a notice to all stores that they would no longer be allowed to place tables or chairs on the pavement, and they could only do that on the narrow sidewalk immediately in front of their stores. Mr. L of the Shamrock Irish Pub was very dissatisfied with this simplistic approach to the problem and claimed that it would be much better to specify how far stores can go when placing tables and chairs on the pavement, rather than simply ban using all such space.<sup>14</sup>

Aside from the conflicts regarding exterior decoration and outdoor business activities, many business owners also have strong complaints against chaotic car parking at the Laowaitan. Cars are often parked in small alleys or near the rear doors of some shops, blocking the fire exits and the delivery of raw materials to restaurants and bars. Indeed, traffic management at the Laowaitan is complicated; as such, roads that are open to motor vehicles as Outer Road and Yangshan Road are managed by the traffic police, while the Property Management Company manages pedestrian roads only, such as Middle Road and Yangshan Lane. 15

Thus, the Property Management Company has difficulty in managing car parking. For example, there are over 40 parking meters installed on Outer Road from 2nd Street intersection to Station Road intersection. All these parking meters are owned by the Traffic Police Brigade of the North Bank District (jiangbei qu jiaojing dadui), and thus, all revenues generated from parking meters go to the traffic police rather than to the Property Management Company. However, people think parking meters are properties of the Property Management Company, and when there is any problem with them, such as chaotic parking order and congested traffic flow, people usually turn to the Property Management Company to complain and request for solution, which of course will be in vain, as the Property Management Company has no right to interfere in this issue.<sup>16</sup>

Ms. O is a representative of the 9th People's Congress of the North Bank District elected in the *Laowaitan* Residents' Committee and also a full-time cadre in the Party Work Committee (dang de gongzuo weiyuanhui) of the Middle Road Street Office. She had some experiences in dealing with the parking meter issue in relation to various authorities. According to her accounts, there was originally no parking meter on Outer Road. Visitors of the *Laowaitan* simply parked their cars almost everywhere at the *Laowaitan*, most often just in front of the restaurants where they would dine. In order to regulate car parking, the traffic police of the North Bank authority installed parking meters on Outer Road to guide drivers to park cars in specified parking spaces.<sup>17</sup>

New problems emerged, however, such as the noise of vehicles and the security of pedestrians on Outer Road. Road. Along with her colleagues in the Middle Road Street Office, for years, Ms. O has been trying to remove parking meters from Outer Road and stipulate that all cars must be parked at the multilevel parking structure beneath the Yong River Bridge approach and the underground garage of the Ningbo Museum of Art only. In addition, a representative of the Ningbo People's Congress also proposed complete pedestrianization of Outer Road. The North Bank traffic police promised that parking meters would be removed, but its implementation needs some more time.

Property management fee also became a controversial issue. The costs of maintaining all outdoor lighting and landscaping facilities of the *Laowaitan* are included in property management fees paid by property owners. However, the *Laowaitan* is an open business district rather than a gated community, and all those facilities are shared by all visitors. Thus, some business owners thought the costs should be subsidized by the public works budget.<sup>20</sup>

To some extent, the Property Management Company would unfortunately become the scapegoat of the NBUCI, bearing complaints of business owners due to unsatisfactory business operation and persistent governance problems at the *Laowaitan*. For property and business owners, one means of conveying their complaints to the Property Management

Company is to refuse to pay property management fees. This contentious activity also caused a crisis in the Laowaitan's property management in 2009. When I was doing fieldwork at the Laowaitan in June 2009, I found a notice posted on the notice board near the main entrance of the office of the Property Management Company, which is as follows:

To all property owners of the *Laowaitan*:

The Property Management Company has been involved in property management of the Laowaitan since 2003. The rate of payment of property management fees by property owners has been steadily declining. Meanwhile, the management cost of the Property Management Company has been rising. This has caused serious deficit to the Property Management Company, and the Property Management Company is not able to do property management properly. According to relevant laws and regulations, the Property Management Company has decided to withdraw from property management of the Laowaitan.

Property Management Company April 15, 2009

I was very surprised to see this notice. When I went into the Property Management Company's office and tried to interview some staff, I felt as if everybody in the office was going to leave very soon. Ms. C, general manager of the Property Management Company, was not very patient about my request for interview. She told me that a property owners' committee (yezhu weiyuanhui) of the Laowaitan was established in May 2008, which consists of 211 property owners. She said that at that moment, there had been a few property management companies that were negotiating with the Property Management Company to be its successor.<sup>21</sup> In my later interview, a staff member of the Property Management Company told me that property owners at the Laowaitan did not want the Property Management Company to do property management anymore, and the Property Management Company was also not willing to do property management for the *Laowaitan* anymore.<sup>22</sup>

Later on, I knew from the owner of Bolishe that there had been many property owners who refused to pay property management fees to the Property Management Company. In some cases, the Property Management Company sued those property owners and got the fees at last. It is true that the Property Management Company found it very difficult to maintain its operation. However, the crisis of the withdrawal of the Property Management Company finally turned out to be that the Property Management Company would retain its operation at the *Laowaitan* simply because some previously interested property management companies found the situation of the *Laowaitan* very complicated and did not wish to get involved.<sup>23</sup>

The Property Management Company experienced organizational restructuring in the context of large-scale stock rights restructuring of the entire NBUCI in the latter half of 2009. Although the name of the Property Management Company was not changed, the Ningbo Real Estate Co., Ltd. became its direct controlling authority.<sup>24</sup> That was an important reason why the Ningbo Real Estate Co., Ltd. moved its office to the *Laowaitan*. Most of the Property Management Company's senior managers were changed, yet its ordinary administrative staff members are still relatively stable.

When I was interviewing Mr. L, owner of the Shamrock Irish Pub in July 2010, he told me that he felt the importance of the Property Management Company in the governance of the Laowaitan had been declining. There is a small courtyard between the Shamrock Irish Pub and its new extension. Mr. L asked a decoration firm to paint some graffiti on the walls of the courtyard to highlight the logo and cultural theme of his pub. It would definitely have been prohibited by the Property Management Company before, as earlier the Property Management Company even interfered in any minor changes to outdoor signboards. The declining power of the Property Management Company is largely due to the increasing importance of the Laowaitan Chamber of Commerce (Waitan shanghui) in the governance of the Laowaitan, which will be discussed later.

# 1.3 High Cost of Business Operation

For many bars and restaurants at the *Laowaitan*, Shanghai's *Xintiandi* is the most convenient reference for comparison in terms of the quality of business management and business opportunities. Indeed, the *Xintiandi* project directly inspired the Ningbo authority to adopt the approach of combining historic conservation and commercial real estate project operations to transform the *Laowaitan* to become a high-end consumption space. However, this conscious emulation also gives rise to too high expectations of the *Laowaitan*, which might seem to be too hard to meet. First of all, Ningbo does not have as large a population as Shanghai that can appreciate and afford such consumption. Second, the *Laowaitan* is not managed by a single unitary governing body as Shui On, which retains

all property ownership of shops and has rich experience in operating commercial real estate projects. At last, the Laowaitan has disappointed many investors, visitors, and government officials and has caused a high level of frustration among them.

Mr. L, owner of the Shamrock Irish Pub, said that the redevelopment team of the Laowaitan originally promised to business investors that the Laowaitan would become Ningbo's Xintiandi one or two years after its opening. However, as he explained, Ningbo does not have a large population that is able to appreciate and afford such kind of pubs as his Shamrock Irish Pub. And foreigners in Ningbo are mostly white-collar employees rather than big entrepreneurs or senior managers. As they do not occupy high positions in their companies, their consumption capacity is thus limited.26

Aside from the high cost of historic conservation and new construction and landscaping works in the *Laowaitan* redevelopment, property speculation also contributes to the high property price at the Laowaitan. The emulation of the *Xintiandi* and the beautiful promises made by the NBUCI to investors gave rise to property speculation on the Laowaitan's shops, offices, and apartments. As the Laowaitan's property price has already set a record in Ningbo's history, investors who spent a lot of money on it of course want to make a profit by reselling at higher prices or renting out. High property price may become a big disadvantage for the Laowaitan to attract business investors, however, especially given that its governance is problematic and the overall business atmosphere there is not satisfactory.<sup>27</sup>

High property price will undoubtedly be converted into high cost of business operation, and in turn, high cost of commodities and services. The Greek owner of the Chelona Wooden World shared his feeling of the high cost of business operation at the Laowaitan. He told me that the annual rent of his loft-style office is 400,000 yuan. It is acceptable for him because he works and lives here, but this might be too expensive for business only. Besides, he is a frequenter of the Shamrock Irish Pub, and he considers it a "very social place." But as a slice of pizza there costs 40-50 yuan, almost the same price as in Europe, it is not that affordable for ordinary Chinese.<sup>28</sup>

The conscious making of a high-end consumption atmosphere is also considered as one factor that results in a lack of visitors in the Laowaitan area. The manager of the Ala Bourbon Street Restaurant said that the perceived high-end consumption prevents many people from trying the Laowaitan's bars and restaurants, as some people think it would definitely be too expensive for them to afford.<sup>29</sup> Actually, there are always many affordable restaurants at the *Laowaitan*, such as the Ala Bourbon Street Restaurant. Moreover, the *Laowaitan* is perceived as a place of conspicuous consumption marked by a petty-bourgeois atmosphere. For people who are not interested in such kind of consumption, they choose more traditional restaurants and seldom dine at the *Laowaitan*.

# 1.4 An Unexpected Blow: The Closure of the New Bridge in 2006

Most of the problems with the *Laowaitan* are due to flawed governance by the NBUCI and the North Bank authority, as well as the historical and geographical disadvantages of the *Laowaitan* area, such as relatively inconvenient public transit, still relatively poor regional infrastructure, and the relatively weak consumption capacity of its local residents. Moreover, an accident in 2006, the closure of the New Bridge, gave an unexpected blow to the *Laowaitan*. During this period, many stores in the *Laowaitan* area greatly suffered from a significant decline in business due to traffic problems.

The New Bridge was first built as a wooden-structure floating bridge by the British in 1862 on the location of today's Liberation Bridge (*jiefang qiao*). It was moved to its current location in 1863. Before the construction of the New Bridge, the Ling Bridge (*ling qiao*) had been the only bridge crossing the three major rivers in Ningbo Prefecture. The Ling Bridge was built by the Tang dynasty as a floating bridge and had always been informally called the "Old Bridge" (*lao jiang qiao*) by Ningbo people. In order to distinguish the new floating bridge from the Ling Bridge, it was named the New Bridge (*xin jiang qiao*). In 1953, the New Bridge was rebuilt to be a steel-reinforced concrete-structure floating bridge. In 1970, it was once again rebuilt as a steel-reinforced concrete-structure fixed bridge. The New Bridge was interpreted as a testimony to the superiority of socialism and Ningbo's local pride during the high Maoist era. It was renamed "Anti-Imperialism Bridge" (*fan di qiao*) during the Cultural Revolution. 30

The New Bridge is always the most convenient ground transportation infrastructure connecting the *Dongmenkou* area in Haishu District and the *Laowaitan* area in the North Bank District. However, the New Bridge had serious structural defects, and the bridge arch had been hit by ships many

times. Since 9:00 pm on September 13, 2006, the New Bridge was closed to motor vehicles by the Ningbo government due to its serious problem of structural safety. It would probably collapse if it remained open to motor traffic. Only nonmotorized vehicles and pedestrians could use the bridge during that period.<sup>31</sup> The closure of the New Bridge not only blocked the most convenient traffic artery between the North Bank District and Haishu District, but also interrupted the original circulation of traffic flow of the entire city, and thus, immediately caused serious traffic jams across Ningbo's downtown on the next day.<sup>32</sup>

In November 2006, it was decided by the Ningbo authority that a temporary steel-structure fixed bridge would be built next to the original New Bridge. After the completion of this temporary bridge, the New Bridge would be dismantled in preparation for the construction of a new permanent bridge in a few years.<sup>33</sup> The engineering corps of the People's Liberation Army (PLA) stationed in Ningbo would be responsible for building this steel-structure temporary bridge. On January 31, 2007, the temporary bridge was completed and opened to traffic.<sup>34</sup> The Ningbo authority had to pay 30 million yuan each year to the PLA for the general public to use this bridge until it is replaced by a new permanent bridge.<sup>35</sup> In total, the New Bridge was kept closed to motor traffic for 140 days. In December 2007, the old New Bridge began to be dismantled.<sup>36</sup>

The New Bridge closure was a strong blow to the Laowaitan business district as customers and visitors would be much less willing to visit the Laowaitan due to the traffic problem. As Haishu District is still the city center of Ningbo, anybody who wanted to travel from Ningbo's city center to the Laowaitan by car or bus had to make a detour via the Liberation Bridge, or even the Yong River Bridge from the East Bank District, during the closure of the New Bridge.

Mr. G works for the Ningbo North Bank sub-branch of the Industrial and Commercial Bank of China (Zhongguo gongshang yinhang Ningbo jiangbei zhihang), the office of which is located in the Golden Port Building on the west side of People's Road opposite to the Laowaitan. As he recalled, during the days when the New Bridge was closed and the temporary bridge had not been completed, even taxi drivers were unwilling to pick up passengers who wanted to go to the North Bank District, as driving there would waste their time and they had to spend on extra gasoline for the detour. Restaurants at the Laowaitan experienced a substantial decline in business turnover, as indicated in the consumption records on POS machines (point of sale terminals) installed by his sub-branch.<sup>37</sup>

Such promotional campaigns as "Saturday, let's meet at the *Laowaitan*" during December 24–30, 2006, was largely the response of the North Bank authority to this accident in the hope of reducing its negative impacts. This campaign will be discussed in more detail later. In addition, the North Bank authority provided tax exemption and subsidies to some enterprises whose businesses had been significantly affected by the accident.<sup>38</sup>

# 1.5 An Unsuccessful Endeavor by a Business Owner

In response to the governance problems of the *Laowaitan*, a business owner took the initiative to collect some opinions and policy suggestions among business owners and conveyed them to the North Bank authority and the NBUCI. But this effort was finally in vain because of the slow and indifferent feedback from the two authorities.

As mentioned before, *Zilinfang*, a free private museum of padauk antique furniture and wood carving, was established at the *Laowaitan* in 2004 by Mr. C, a famous Ningbo artist. The property he purchased on 2nd Street used to be a typical *Shikumen* residence. In the summer of 2009, when I was observing the *Shikumen* building where Mr. C's museum used to be located, the museum had been shut down for quite a while. There was a notice posted on the door of the property, stating that the property owner was seeking to sell or lease this property.

When Mr. C was operating his museum at the *Laowaitan*, upon finding the uncoordinated business management of the *Laowaitan*, he convened a number of business owners to solicit opinions and suggestions and forwarded the messages to the North Bank authority and the NBUCI. Mr. C thought that since he was a famous artist, and he had collected opinions of many people, the two authorities should give prompt and positive feedback. However, as he said, both of the two governing bodies were bureaucratic (*guan jiazi*) and indifferent to his efforts.<sup>39</sup> Finally, they failed to receive due attention from the two authorities and thus did not manage to improve the situation. This is the only endeavor of this kind that was initiated from the bottom up and was intended for the improvement of the *Laowaitan*'s governance.

Mr. C was very disappointed and frustrated by the situation at the *Laowaitan*. Meanwhile, his museum also needed more exhibition space. Mr. C closed his museum and left the *Laowaitan*. In September 2008, he reopened a much bigger museum in Yingzhou District, where he is originally from. The new museum has a total floor area of 4000 square meters and incorporates wood-carving workshops.<sup>40</sup>

The Yingzhou District authority has always been famous for its strong private-sector economy and innovative government policies for inward investment attraction and cultivation of a cooperative governmentbusiness relationship. The Yingzhou District government provides preferential policies to investors to establish private museums, which is the key reason for Mr. C's removal of his museum to Yinzhou. These kinds of policies have been very effective and rewarding for the Yingzhou District authority: by December 2011, there were over 20 private museums established in Yingzhou District, accounting for 60 % of all private museums in Ningbo.41

Mr. C mentioned that many of China's central state leaders have visited his museum in Yinzhou, but none of the leaders in Ningbo's North Bank authority did that. He did not deny that the North Bank authority really cares about the Laowaitan, but he thought the North Bank authority did not do the right thing, which is to provide the best services to businessmen. Moreover, he argued that since the *Laowaitan* is a business district rather than a residential district, it is inappropriate for the NBUCI to just sell the shops and then withdraw from long-term management of the Laowaitan.42

### LOCAL GOVERNANCE INITIATIVES

The Laowaitan is of vital importance to the North Bank District in many ways. First of all, it is located in the center of the North Bank District, where a lot of commercial and administrative establishments and public spaces are located. Thus, the *Laowaitan* area represents the foremost image of the North Bank District. Second, the Laowaitan is the first mature contemporary business district in the North Bank District. As part of the Sanjiangliu'an project, the Laowaitan redevelopment indicated the comprehensive industrial and spatial upgrading of the entire North Bank District. 43 Thus, for the North Bank authority, the governance of the Laowaitan is always among the top priority on their agenda.

As discussed earlier, there are many flaws and failures in the Laowaitan's governance. The Laowaitan's condition is far from satisfactory in comparison with the original expectations of the Ningbo authority and the NBUCI and their promises made to investors. The North Bank authority has been enthusiastically involved in the Laowaitan's redevelopment and governance ever since the beginning of the redevelopment project as a facilitator. Given the withdrawal of the NBUCI, especially since 2007, the North Bank authority has launched a number of initiatives to promote the *Laowaitan* and has significantly restructured its governance mechanism, and thus has become the foremost player in the governance of the *Laowaitan*.

## 2.1 The Laowaitan Chamber of Commerce

In order to foster mutual understanding and trust between the North Bank authority and business owners at the *Laowaitan*, a question that must be answered is how to engage as many business owners as possible in dialogues with the North Bank authority in a formal, regular, and constructive manner? As discussed earlier, the story of Mr. C's unsuccessful endeavor to conduct dialogue with the North Bank authority and the NBUCI for coping with the *Laowaitan*'s problematic governance well testifies the necessity of institutionalized intermediation mechanism. It would be found that the *Laowaitan* Chamber of Commerce (*Waitan shanghui*, hereafter "the Chamber of Commerce") is expected to play such an intermediation role in government-business relations.

The Chamber of Commerce was established on June 5, 2008, under the auspices of the North Bank District Federation of Industry and Commerce (jiangbei gu gongshanglian) and the Middle Road Street Office. 44 The All-China Federation of Industry and Commerce (Zhonghua quanquo gongshangye lianhehui, ACFIC) was established in 1953 by the Communist regime as the representative body of pro-revolution Chinese capitalists. In the reform era, it has been revitalized, claiming to be a national chamber of commerce of China's new capitalists, and has become a constituency in the Chinese People's Political Consultative Conference (Zhongguo renmin zhengzhi xieshang huiyi). It works under the leadership of the Department of the United Front Work of the Communist Party of China (CPC). 45 The North Bank District Federation of Industry and Commerce is an urban district-level branch of the ACFIC in Ningbo's North Bank District. It shares office space with the Laowaitan Business District Joint Branch of the CPC (Waitan shangwuqu lianhe dangzhibu) inside the Laowaitan Service Center for CPC Members (Waitan shangwugu dangyuan fuwu zhongxin).

The Party Work Committee of the Middle Road Street Office and the *Laowaitan* Business District Joint Branch of the CPC utilized their organizational authority, network, and discipline to mobilize entrepreneurs who hold CPC membership, as well as some other economic elites who do not hold CPC membership but have close personal connections with CPC-member entrepreneurs, to greatly facilitate the establishment of

the Chamber of Commerce. 46 Through this engagement, the Laowaitan Business District Joint Branch of the CPC and the Chamber of Commerce can mutually support each other and make use of each other's powers, resources, and networks. And finally, in the end of 2010, the Laowaitan Chamber of Commerce Branch of the CPC (Waitan shanghui dangzhibu) was established. Upon its establishment, it had five CPC members, and its secretary is the owner of the Zhenbaofang restaurant.<sup>47</sup> Like other CPC branches in the Laowaitan Business District, the Laowaitan Chamber of Commerce Branch of the CPC has also been integrated into the *Laowaitan* Business District Joint Branch of the CPC.

The chairman, vice-chairman, and councilors (lishi) of the Chamber of Commerce were elected at the first congress of the Chamber of Commerce, Ms. G. director of the Economic Section of the Middle Road Street Office, became secretary-general (mishuzhang) of the Chamber of Commerce. The Property Management Company also holds a representative seat in the Chamber of Commerce. In July 2010, the Chamber of Commerce held its second congress and elected its new chairman, vicechairman, and councilors. As Mr. L, owner of the Shamrock Irish Pub, said, almost all business representatives at the Laowaitan attended the first and second congresses, although its ordinary working meetings held every few months just require councilors, most of whom are owners or managers of big businesses at the *Laowaitan*, to attend as a standing committee.<sup>48</sup>

For chairman and vice-chairman of the Chamber of Commerce who are elected among the business owners, the leadership position in the Chamber of Commerce is first of all a kind of honor, or recognition of their economic contribution and social status. This phenomenon echoes Unger's finding regarding the rationale of private entrepreneur's participation in district-level branches of the Federation of Industry and Commerce in Beijing.<sup>49</sup> Moreover, leadership position is also a very valuable asset for developing personal connections with cadres of the Middle Road Street Office and the North Bank authority, which will definitely facilitate their business operation at the *Laowaitan*. Other important business owners at the Laowaitan who do not hold leadership positions in the Chamber of Commerce are usually required by the North Bank authority to actively participate in the Chamber of Commerce as councilors, although in principle, membership is not compulsory for them.

The secretary-general of the Chamber of Commerce, who is the director of the Economic Section of the Middle Road Street Office, is responsible for informing and consulting business owners regarding relevant

policies and conveying the interests articulation and policy suggestions of business owners to the North Bank authority. This position is reserved for a government official so that the North Bank authority is able to keep interests articulation of and policy concertation within the Chamber of Commerce on track and to solicit cooperation of business owners.

In a research study conducted in the mid-1990s, Unger found that there had been a trend that local branches of the Federation of Industry and Commerce created various chambers of commerce and allowed them to operate in a more autonomous manner, and thus they were more able to form coherent interest groups of private entrepreneurs. While it is commonplace that cities and municipal districts have their own Federations of Industry and Commerce, and those Federations oversee a number of chambers of commerce that are founded based on the same industries or place of origins, it is relatively rare that a chamber of commerce is established based on a particular locality, or territory, of a multi-industrial business district that even does not have an administrative rank in China's state system.

The Chamber of Commerce is precisely a territory-based chamber of commerce, which consists of business owners and managers of stores at the *Laowaitan* only, and is dedicated to the development of the local economy and improvement of local governance of the *Laowaitan*. As stated by deputy secretary of the North Bank District Committee of the CPC in his speech given at the second congress of the Chamber of Commerce in July 2010, the Chamber of Commerce is expected to be a bridge connecting its members to the government, engage businesspeople into the governance of the *Laowaitan*, and attract more entrepreneurs to invest at the *Laowaitan*.<sup>51</sup>

Although the Chamber of Commerce aims to engage as many businesses as possible, limitations in its membership basis and degree of participation are still obvious. Some business owners and managers have never joined the Chamber of Commerce, because they think it is irrelevant to their businesses. On the other hand, people who have joined are often doubtful or even skeptical of the actual effects of the Chamber of Commerce. Mr. L, owner of the Shamrock Irish Pub, for instance, repeatedly claimed that as a low-profile and prudent Hong Kong businessman, he consciously keeps a distance from the government and its affiliated organizations like the Property Management Company and the Chamber of Commerce.<sup>52</sup> He declined invitations from the Chamber of Commerce several times for organizing an activity for the Saturday campaign.<sup>53</sup>

But actually Mr. L is a councilor of the Chamber of Commerce, and every time when there is a meeting of the Chamber of Commerce, on behalf of the Middle Road Street Office, the conveners of the meeting, usually the secretary-general of the Chamber of Commerce, will make phone calls to all councilors to ask them to attend the meeting. It is very impolite to refuse to attend, which will be seen as "not giving face" (bu gei mianzi) to the conveners and might cause misunderstanding and inconvenience to their business.<sup>54</sup>

Mr. L thinks people just keep on complaining but are unable to make meaningful and practical suggestions at meetings.<sup>55</sup> However, Mr. L later on says that the Chamber of Commerce has been enhancing its governing capacity since 2010. For example, the Chamber of Commerce has been thinking of establishing a few departments to deal with specific management matters at the *Laowaitan*, such as inward investment attraction. Some business owners think some newly opened stores, such as a billiard room on Middle Road, are unsuitable for the *Laowaitan*. The best way to prevent such undesired stores from opening at the Laowaitan is to introduce better and more suitable investors to property owners at the Laowaitan, and there is no reason for property owners to refuse or dislike this kind of recommendations if they have more chances to get better tenants. <sup>56</sup> Yet, just as Mr. F, owner of the Gotel Design Studio, said, the Chamber of Commerce is just a lowly integrated association and is not able to implement real sanction against the misconducts of business owners <sup>57</sup> such as cut-throat competition or unreasonably high prices for ordinary commodities or services.

#### 2.2 The Book Rising Tide Around the North Bank

As the fruit of the first Laowaitan Forum, the book Bund Culture and Urban Development was published in 2004. It is the first book published in China particularly on various bunds in China, and also the second book specifically dedicated to promoting the Laowaitan in Ningbo, just after Remaking the City. In 2008, a third book on the Ningbo Laowaitan was published. This time, it was expected not so much to provide specific suggestions for the Laowaitan's development, but rather to stimulate more reflections on the result of the Laowaitan redevelopment from a historical perspective.

As part of the "2008 Ningbo Tourism Festival" (2008 Ningbo lüyou jie), the "2008 Ningbo Laowaitan Festival of Culture and Tourism" (2008 Ningbo Waitan wenhua lüyou jie) was held during October 10–17, 2008.<sup>58</sup> In addition to public artistic performances, there were a number of special cultural events, including exhibitions of paintings of the North Bank District, the book launch of Rising Tide Around the North Bank (chaoyong chengbei), and shooting-commencement ceremony of the promotional video "The Oldest Bund in China: the Ningbo Laowaitan" (Zhongguo zuizao de Waitan: Ningbo Laowaitan) by China Central Television crew of the program "Travel Around China" (zoubian Zhongguo).<sup>59</sup>

The book Rising Tide Around the North Bank itself was the fruit of a research project initiated by the North Bank authority for the promotion of the Laowaitan. The aims of the book had been very well elaborated in the prefaces of the book. Preface One is written by Mr. Chen Hongxiong, secretary of the Party Work Committee of the Middle road Street Office. It first claims that "administrators of every urban district are faced with such questions as how to better develop the district's economy and society, renew life network, upgrade the quality of service industries, and compete with other districts." A clear idea of interdistrict competition can be easily found in this text. Then, it describes the problems and difficulties of the redeveloped Laowaitan: "the Laowaitan has not realized its expected effects, and has not become a meeting place for visitors from out of town and a leisure place for Ningbo citizens. While its cultural atmosphere has not agglomerated commercial atmosphere, its culture and historical emotions have been decreasing over time. The Ningbo Museum of Art, which was built by transforming the former Ningbo Ferry Terminal, has few visitors...this connection hub of spiritual embodiment, memory of kinship affection and career, is being forgotten. People of North Bank District are reflecting and thinking, and plans are changing and full of controversies."60 Then, it goes on to state that the historic North Bank is the product of interactions among a variety of social forces in the modern era, and every part of its built environment reflects Ningbo's modern history; thus, a research project on the modern history of the North Bank can be valuable reference for the governance of today's Laowaitan.61

In early 2007, the North Bank Federation of Literary and Art Circles (*jiangbeiq qu wenhua yishu jie lianhehui*) was commissioned by the Middle Road Street Office to undertake a research project entitled "A Study on the Ningbo *Laowaitan* in the Modern Era" (*jindai Ningbo Waitan yanjiu*). As the fruit of this project, the book *Rising Tide Around the North Bank*, edited by Dr. Sun Shangen, a Ningbo University professor

of modern Chinese history, and Mr. Xie Zhensheng, commissioner of education, public health, culture, sports, and local historical research of the Chinese People's Political Consultative Conference of the North Bank District (jiangbei qu zhengxie jiao wei wen ti he wenshi ziliao weiyuanhui zhuren), was published in September 2008.

The book The Bund Culture and Urban Development was published when the Laowaitan was still in the process of redevelopment, and many articles in this book proposed innovative ideas and concepts that can be used for the Laowaitan's future operation. However, some of those proposals have never been implemented, and even seem unrealistic right now. For example, there were proposals calling for establishing a financial district at the Laowaitan, including one such proposal by Mr. Mao Yushi, a famous independent economist. 62 Apparently, there is not enough quality office space at the Laowaitan, which is a precondition for a financial district.

In contrast to The Bund Culture and Urban Development, Rising Tide Around the North Bank does not have a single chapters discussing the current conditions of the Laowaitan since redevelopment. Instead, all chapters are on the modern history of the North Bank. Yet this book ought not to be interpreted as a pure historical project. As stated in its prefaces, the aim of this book is to learn from the rich culture and history of the historic North Bank and build up confidence in improving the Laowaitan's governance nowadays, especially given that the Laowaitan has been frustrating and disappointing its investors for a few years.

#### 2.3 The Saturday Campaign

The origin of the promotional campaign "Saturday, let's meet at the Laowaitan" can be traced back to 2006. This campaign was organized by the North Bank authority during December 24-30, 2006, largely as a response to the unexpected closure of the New Bridge and its blow onto the Laowaitan's business. There were such activities as a Chinese song contest by foreigners, behavior art demonstration, traditional Chinese chimes-playing, digital cinema screening, and gourmet festival.<sup>63</sup> Yet this promotional campaign at that time was a one-off event lasting for just a few days.

In May 2008, Mr. Yu Lei became secretary of the North Bank District Committee of the CPC.64 Mr. Yu Lei has his own idea of promoting the Laowaitan and restructuring the Laowaitan's governance mechanism. His most important effort has been to resume "Saturday, let's meet at the *Laowaitan*" and organize it as a regular promotional campaign in the service of the application for the title of the "National 4A Tourist Area" (*guojia 4A jingqu*) for the *Laowaitan* (the application will be discussed later on).

On December 29, 2008, an article in the *Ningbo Daily* reported that the weekly campaign "Saturday, let's meet at the *Laowaitan*" would be launched in January 2009. It stated that the aims of this campaign are to make use of the cultural legacy and locational convenience of the *Laowaitan* to integrate resources of the government, the Chamber of Commerce, and general public, and to promote the development of the *Laowaitan*'s service industries.<sup>65</sup> The opening ceremony of the campaign was held on January 4, 2009.<sup>66</sup>

The Laowaitan Management Committee (Waitan guanli weiyuanhui) was established by the North Bank authority to organize this campaign. A standing deputy chief of the North Bank District Government (jiangbei qu changwu fu quzhang) specifically took charge of the Management Committee and the Saturday campaign. The Management Committee uses office space of the Laowaitan Business District Service Center for CPC Members. Coordinated by the Middle Road Street Office, a few civil servants were seconded from relevant departments of the North Bank District Government and the Middle Road Street Office to work at the Management Committee as full-time staff.<sup>67</sup>

When I was doing fieldwork in 2009, there were three staff members in the Management Committee. Mr. Z was seconded from the North Bank District Bureau of Tourism (jiangbei qu lüyou ju) and was mainly in charge of publicity work for the Saturday campaign, such as dealing with various media regarding reports on the campaign, writing articles and taking pictures for the official website of the campaign. 68 Mr. L was seconded from the Middle Road Street Office and was in charge of coordinating with various media companies to conceive of and implement campaign schemes. Mr. C was mainly in charge of security of campaign activities in collaboration with the North Bank District Bureau of Urban Management (jiangbei qu chengguan ju) and the traffic police of the North Bank District. All of them had to show up on each Saturday when there was a campaign activity, to supervise public security, take pictures for reports on their official website, coordinate with other relevant government departments if necessary, and deal with any emergency. In addition, Mr. D was an advisor for the Management Committee. He was a retired teacher, and had been working as an amateur historian focusing on the North Bank since

2004, affiliated with the Middle Road Street Office.<sup>69</sup> His knowledge of the history of the North Bank was believed to be helpful for organizing the Saturday campaign.

The year 2009 was the first year of the Saturday campaign. When I was interviewing Mr. Z for the first time in March 2009, everything of the campaign and the Management Committee was still at the initial stage of trial operation. It was decided by the North Bank authority that the campaign would be organized at least for the whole year of 2009. There would be one activity on each Saturday and 52 activities in total in 2009. Nobody could tell with certainty whether the campaign and the Management Committee would still exist next year; however, Mr. Z said that if the effects of the campaign are satisfactory, maybe the campaign would continue next year, and the Management Committee would become a permanent governing body of the Laowaitan and may extend its power into daily management of the Laowaitan. 70 When I was interviewing Mr. Z again in July 2010, he told me that Mr. Yu Lei, secretary of the North Bank District Committee of the CPC, intended to continue organizing the Saturday campaign in his tenure, and thus, the Management Committee will still exist in the coming years.<sup>71,72</sup>

As explained by the staff of the Management Committee, business owners at the Laowaitan are not subordinate to the Management Committee and thus have no natural obligation of participation in its activities. The Management Committee has no right to request business owners to join; on the contrary, the Management Committee is actually dedicated to serving the businesses.<sup>73</sup> So the reality is that though participation of business owners in the Saturday campaign may be highly encouraged by the Management Committee, it is never mandatory, and the Chamber of Commerce is not an authoritative governing body that has the administrative power to intervene into private business operation or coerce businessmen to collaborate.

There has been such an operation mechanism as "guided by the government, operated by businesspeople, and assisted with social participation" (zhengfu yindao, shangjia zhuti, shehui canyu) in organizing the Saturday campaign.<sup>74</sup> A few media companies are commissioned by the Management Committee to conceive of schemes of the Saturday campaign. These media company are registered in the North Bank District, and the commission to those North Bank District-based enterprises is actually consciously decided by the North Bank authority as a means of promoting the local economy of the North Bank District.<sup>75</sup>

Schemes of the whole year's activities, which are divided into four seasons with their own themes, are conceived of by media companies in advance and then sent to top leaders in the North Bank authority for approval. The Management Committee also pays to advertise the campaign on various media, and in hotels, airport, and public transit facilities. Internal reports on the campaign are also circulated in all bureaus of the North Bank District government, all Street Offices in the North Bank District, and all Residents' Committees in the Middle Road Street Office. The Management Committee is responsible for arranging the activity venue, providing facilities, and maintaining security.<sup>76</sup>

The nature and positioning of businesses at the *Laowaitan* and the *Laowaitan*'s culture and history are the most important references for conceiving of activity schemes. For example, the activity on the Chinese New Year Eve is largely dedicated to promoting various restaurants at the *Laowaitan*, during which their signature dishes and discounts plans are publicized. And a luxury auto show was conceived of to highlight the positioning of the *Laowaitan* as a high-end consumption space. Another activity recruited a number of school children in Ningbo and trained them to be volunteer tour guides presenting commentaries on the *Laowaitan*'s modern history and current development to visitors.<sup>77</sup>

At first, the business owners at the *Laowaitan* took an indifferent and skeptical stance toward the Saturday campaign. Business owners thought this campaign was just a government campaign and that it was irrelevant to them.<sup>78</sup> Thus, the first season of the campaign in 2009 was solely organized by the Management Committee. However, businessmen at the *Laowaitan* have been increasingly involved in the campaign since the second season in 2009, which was mainly taken charge of by the Chamber of Commerce. Since the third season starting in July 2009, individual business owners at the *Laowaitan* have been involved in organizing the Saturday campaign as either sponsors or organizers, assisted by the Management Committee, the Chamber of Commerce, and various commissioned media companies.<sup>79</sup>

Interested business owners need to conceive of and submit their proposals to the Chamber of Commerce first. Then, the Chamber of Commerce selects the best proposals and includes them into the campaign activity scheme for the next season. Media companies facilitate the detailed organizing and implementation of those activities by virtue of their professional expertise. Media companies are also responsible for advertising the campaign on various media and submitting reports to the North Bank authority regarding the effects of the activity and analysis of newspaper reports and other media coverage on the Saturday campaign.<sup>80</sup>

The reason why business owners are increasingly interested in the Saturday campaign is that they gradually find that involvement in this campaign may be a good opportunity for them to promote their own businesses. For example, considering the booming bars at the Laowaitan, the Chamber of Commerce conceived of the "month of bar culture" (jiuba wenhua yue) series of activities in April 2009. This of course would attract some bars' interest and participation, and the Ala Bourbon Street Bar was the major participant.<sup>81</sup> The expenditure of organizing the campaign activities is shared by the Management Committee and the specific business owners in charge of organizing.82

There are a variety of activities in the Saturday campaign, and the specific forms largely depend on the themes of particular activities. I observed quite a few activities when I was doing fieldwork at the Laowaitan. Many campaign activities are related to Ningbo's history and local culture. One activity I observed on June 27, 2009, was of this nature. It was named "centuries of legend of ships: exhibition of ship culture" (shiji chuanqi: chuan wenhua zhan). It was held on the riverside platform along the Yong River. Publicly solicited photographic works on the Laowaitan were posted onto the handrail for spectators to see and contest for awards. Copies of historical photos of the North Bank in the modern era were also posted side by side for decorative purposes. There was another exhibition on the boardwalk of the waterfront promenade on world's and Ningbo's history of ship-building and shipping.

There was a counter at the center of the riverside platform. As introduced by activity organizers, a prize-giving quiz would be carried on very soon, and answers to all questions can be found in those exhibits. This stimulated spectators to take notes when viewing the exhibits. In addition, anybody who managed to sing a song with the Chinese character chuan (ship) in it, or speak out a four-character Chinese idiom (si zi chengyu) with the Chinese character chuan (ship) or its homophones in it, would be awarded a gift. Apparently, these arrangements aimed to engage as many spectators as possible.

Since the third season of the campaign in 2009, activities have been mainly conceived of and organized by individual business owners at the Laowaitan. In this circumstance, the form of activities largely depends on the nature of business of the organizers, as all business owners seek to promote their business. For example, there was an activity called "Let's learn English" (yingyu jijie hao) on July 11, 2009. It was organized by the Talking Street English based at the Laowaitan. By calling Chinese people to learn English and calling foreigners to learn Chinese through various participatory activities, such as singing English songs, business opportunity of the Talking Street English was expected to increase.

Largely due to the Saturday campaign, the places where the campaign is usually held have become important venues for various pubic cultural events in Ningbo, not limited to the campaign itself. The attractiveness of these venues lies in the historic architecture of the *Laowaitan* and the waterfront landscape of the *Sanjiangkou*. For example, Talking Street English organized a memorial activity for Michael Jackson on July 17, 2009, evening on the riverside platform, as Michael Jackson died on June 25, 2009, in Los Angeles. And on August 21, 2010, the final of the talent show "I Am a Star" (*wo shi mingxing*) was held on the square in front of the cathedral. This talent show was organized by the *Ningbo Evening News* (*Ningbo wanbao*) and the Ningbo Masses Art Center (*Ningbo qunzhong yishu guan*). 83

In addition, the Management Committee maintains a website to publicize information about the campaign. There are some icons on the website intended for basic introduction to various restaurants and bars at the *Laowaitan*. At first, most of the icons were empty. Gradually, those icons were filled with useful introductory information, as more restaurants and bars had realized that this website can be a good advertising instrument for them, along with being completely free of charge. For example, restaurants can put introductory messages of their signature dishes onto the website.<sup>84</sup>

The North Bank authority has been closely observing the progress and effects of the Saturday campaign continuously. The *New North Bank* (*xin jiangbei*) is an internal newspaper of the North Bank District Committee of the CPC published on every Monday, Wednesday, and Friday. On each Saturday, the *New North Bank* dispatches a journalist to observe the Saturday campaign and write a report article in the newspaper the next week. This is the most convenient method to keep cadres in the North Bank authority updated with the latest progress of the campaign. Besides, the North Bank District Office for Big Events (*jiangbei qu da huodong bangongshi*), which is responsible for coordinating the organizing of big events in the North Bank District, has also been directly involved in the organizing of the Saturday campaign since 2010.85

On June 13, 2010, Mr. Bayin Chaolu, then-secretary of the Ningbo Municipal Committee of the CPC, along with several other Ningbo politicians, attended the Saturday campaign and gave a brief speech. 86 In Chinese politics, it is widely acknowledged that the attendance of senior

leaders implies the support of the party-state. Thus, the presence of Bayin Chaolu was an official acknowledgment of the Ningbo authority for the North Bank authority's efforts in organizing the Saturday campaign and its positive socioeconomic outcomes.

For other players involved in the governance of the Laowaitan, the degree of support and participation varies significantly from one another. First, as both the Laowaitan Management Committee and the Chamber of Commerce are major governance bodies of the Laowaitan, they are naturally interlocked. The Chamber of Commerce has also been supportive in organizing the Saturday campaign. For example, in February 2010, the Management Committee organized a salon to consult the members of the Chamber of Commerce on how to improve the organizing of "Saturday, let's meet at the Laowaiwan" throughout the year 2010.87

However, the Property Management Company is basically not involved in organizing the Saturday campaign. Mr. Y, staff of the Property Management Company, said that the Saturday campaign is organized by the Middle Road Street Office and the Property Management Company just provides a venue and is responsible for security in case of need. Mr. Y himself never attended the Saturday campaign, as he just needs rest and does not want to come to the Laowaitan on weekends. For the same reason, security personnel of the Property Management Company never joined the campaign, either.88

Moreover, Mr. Y found the Saturday campaign to be even annoying. When some activities were going on, some main entrances of the Laowaitan may have been closed to vehicle traffic by the Management Committee. Many visitors then would have had to walk rather than drive into the Laowaitan. Some people complained regarding this to the Property Management Company, which was of course in vain. When the Saturday campaign was just launched, the Management Committee always notified the Property Management Company of venue arrangements of their activities. Later on, however, the Management Committee stopped giving advance notification to the Property Management Company and simply used any space of the *Laowaitan* for the campaign. Mr. Y commented that the Property Management Company has no choice but to accept the reality, because the Management Committee is a quasi-governmental organization affiliated with the Middle Road Street Office.<sup>89</sup>

Not all business owners are convinced of the necessity of the Saturday campaign. Though many business owners acknowledge the overall effects of the Saturday campaign and the good intention of the North Bank authority in organizing this campaign, they still think that this campaign is not very helpful for their business operation at the *Laowaitan*, because it is not able to attract the most potential consumers to them. For instance, the manager of the Bull Fighter Steak House said that the Saturday campaign is completely irrelevant to his restaurant, as people who are attracted to the campaign activities are hardly customers of his restaurant. This opinion is shared by the manager of the Y-Town Clubhouse. As she said, people who go to watch the campaign activities usually have a lot of spare time, while most customers of her restaurant are too busy to have time to watch the campaign. Many business owners and employees may actually take a look at the Saturday campaign from time to time just for fun, including even the owner of the Shamrock Irish Pub, who is very skeptical of the campaign. They are not unhappy with it. But they are not necessarily satisfied with it, either.

Some other business owners are more critical of the form and content of the campaign. For example, the owner of the Ancient Coffee said that although the government invests a huge amount of money in the Saturday campaign, those artistic performances are not necessarily "culture." To him, it is more meaningful to support such business owners as him to create social spaces of cultural exchange. However, as he commented, the government needs rapid and visible outcomes of this kind of big campaign and is very unlikely to support his efforts in creating such social spaces, the outcome of which is unspectacular and can only be noticed over a long period of time.<sup>92</sup>

Only a small number of interviewees told me that the Saturday campaign has made visible contribution to their business. For example, the assistant manager at the Free Everyday Cafe & Tea told me that more people come to their café to buy drinks when campaign activities are going on in summer evenings, as the café is the closest one to the cathedral square, where campaign activities are usually held.<sup>93</sup> As I observed, Starbucks also benefits from various cultural events held on the riverside platform on the Yong River waterfront due to its close proximity with the riverside platform.

# 2.4 Application for the Title of "National 4A Tourist Area"

As mentioned earlier, the campaign "Saturday, let's meet at the *Laowaitan*" is organized, to a large extent, to facilitate the application for the title of the "National 4A Tourist Area" for the *Laowaitan*. Actually, the North Bank authority has been working on this application since early 2008. At that time, the North Bank District Bureau of Tourism was in charge of this application. The Bureau first dispatched a special observation and study tour

delegation to the Qinghefang in Hangzhou. The Qinghefang is a historic commercial district, the history of which dates back to the Southern Song dynasty, when Hangzhou was the capital of the dynasty. Hangzhou's Upper Town District government (shangcheng qu zhengfu) implemented a project of historic conservation and revitalization in the *Qinghefang* area in 2000, and Hefang Street (hefang jie), the core of the Qinghefang historic district, was reopened to the public as a pedestrian business street in 2001.94

The Qinghefang historic district has a total area of 136,600 square meters. It has been famous for a number of historic stores, such as the Huqingyutang, a Chinese herbal medicine shop founded by the famous Qing dynasty merchant Hu Xueyan, and Zhang Xiaoquan Scissors (Zhang Xiaoquan jiandao). In addition, a lot of specialty stores selling Chinese antiques, paintings and calligraphy, souvenirs, and crafts are established in this district. In 2006, over five million yuan was invested to establish a visitor center and install various tourism facilities like traffic sign boards and scenic spots guide boards. In June 2007, the Qinghefang was awarded the title of the "National 4A Tourist Area." It is the first commercial district that is awarded this national title in China. 95

The success of the Qinghefang of course inspired the North Bank authority's interest in applying for this national title for its Laowaitan, which is also a commercial historic district somewhat akin to the Qinghefang. When the delegates of the North Bank District Bureau of Tourism of Ningbo were visiting the Qinghefang, they found that the Upper Town District government had established a coherent mechanism to govern the Qinghefang. In contrast, there is no such coherent governing body at the Laowaitan. The Middle Road Street Office is the actual authority that is directly in charge of the Laowaitan, but it is still not powerful enough due to the ineligible authority of the NBUCI over the Laowaitan and the overall fragmented governance of the Laowaitan. So finally, the application had to be postponed.96

I found on the official website of the Qinghefang (www.hznsyj. com) that the Qinghefang is governed by the Qinghefang Historic District Management Committee (Qinghefang lishi jiequ guanweihui). The Qinghefang Historic District Chamber of Commerce (Qinghefang lishi jiegu shanghui) was established on August 26, 2003, which in turn has created five guilds to regulate business activities in such specific industries and groups as folk artisans, the catering industry, crafts, Chinese medicine, and old and famous stores (laozihao). Due to a lack of more in-depth empirical data about the Qinghefang, and my inability to know the detailed process of decision-making by the top leaders of the North Bank authority, I am not able to test whether the establishment of the Management Committee and the Chamber of Commerce at the *Laowaitan* has been directly inspired by the two parallel governing bodies of the *Qinghefang*.

Yet the dates of establishment of the two governing bodies of the *Laowaitan* may provide some clues. The Chamber of Commerce was established in June 2008, and the Management Committee was established in preparation for the Saturday campaign starting in January 2009. Both the governing bodies were established slightly later than the initial effort in emulating the *Qinghefang* to apply for the national title in early 2008. So there is reason to assume that the North Bank authority, which had found merits in the coherent governance of the *Qinghefang* and defects in the *Laowaitan's* governance and its significantly negative impact on the application for the national title, decided to emulate the governance model of the *Qinghefang*.

The basic criteria of "National 4A Tourist Area" include the number of visitors (in the case of the *Laowaitan*, the number of customers of bars and restaurants and the Golden Port Hotel), ticket revenues (in the case of the *Laowaitan*, ticket revenues of the Ningbo Museum of Art and the Ningbo City Exhibition Hall), quality of tourism facilities, and detailed account books of income and expenditure and maintenance of tourism facilities.

Against such criteria, the North Bank authority has been trying to improve the *Laowaitan*'s tourism facilities and services. In mid-2009, the Middle Road Street Office approached a tourism planning company and intended to commission them to improve visual and guide systems of the *Laowaitan*, and the company conducted preliminary fieldwork at the *Laowaitan*. However, the central governing body of the *Laowaitan* was still not clear in the fragmented governance mechanism, and it was not sure who should be responsible for the corresponding investment of the application. In addition, once awarded the title of "National 4A Tourist Area," the *Laowaitan* has to be prepared for annual verification by the National Tourism Administration of China (*guojia lüyou ju*). If the *Laowaitan* fails to pass its annual verification, it will be stripped off the national title. This is of course a possible risk for the *Laowaitan* and Ningbo, given that the *Laowaitan*'s governance structure has been incoherent. Due to this, the Middle Road Street Office finally suspended this work and at last did not commission that company.<sup>97</sup>

However, this episode did not mean a permanent termination of the application. Under the leadership of the North Bank authority, the Middle Road Street Office has been formally applying for the title of the "National 4A Tourist Area" for the *Laowaitan* since 2010 along with the strengthening of the Management Committee and the Chamber of Commerce. 98 As part of the application, the North Bank authority started preparing a

visitor center at the *Laowaitan* since November 2010.99 On September 28, 2011, the day of Ningbo's Festival of Loving and Filial Piety (ci xiao jie), the North Bank District Tourism Information Center (jiangbei qu lüyou zixun fuwu zhongxin) was officially opened, which incorporates the Laowaitan Visitor Center (Laowaitan jinggu youke zhongxin). It provides such tourism services as ticketing, guided tour, business reception, first-aid, tourist complaints handling, and tourism video screening. 100,101 Apparently, the North Bank authority aims to make the Laowaitan a district-wide gateway for its tourism industry (see Fig. 6.1).

The Laowaitan Visitor Center rents a three-story shop on the northern portion of Middle Road, very close to the Bass Clef Bar. This shop had been always vacant until the Laowaitan Visitor Center opened. The first floor is now used as a reception and resting space for tourists; a video room, a first-aid clinic, and a tourist complaints handling office are on the second floor; the third floor is the office space for the Laowaitan Tourist Area Development and Management Office (Waitan lüyou jingqu kaifa guanli bangongshi), a newly created authority specifically committed to



Fig. 6.1 The Laowaitan Visitor Center (photographed by the author in October 2011).

the application for the National 4A title under the auspices of the North Bank authority and the Middle Road Street Office.

Ms. B is seconded from the Middle Road Street Office to be director of the *Laowaitan* Tourist Area Development and Management Office. She used to work in the Economic Section of the Middle Road Street Office and had been responsible for inward investment attraction for the *Laowaitan* since 2003. After the completion of the *Laowaitan* redevelopment, she moved to work on supervising safety in production at the *Laowaitan*, including traffic safety, fire control, and food safety. She is therefore very familiar with the *Laowaitan*<sup>102</sup>.

As she admitted, the *Laowaitan* was not a very attractive tourist spot. For example, there was no such place where tourists could stay for a while, such as a small museum. Although some historic buildings might be very attractive, all of them were used as bars and restaurants, and tourists could only take a quick look at their exteriors without in-depth experience and understanding. The most unique characteristic of the *Laowaitan*, as Ms. B claimed, was the Saturday campaign<sup>103</sup>.

Given the aforementioned problems, the work of the Laowaitan Tourist Area Development and Management Office, therefore, is to make the *Laowaitan* more tourist-friendly by adding more and diverse tourist facilities and services. For example, in 2011, all sign boards and map boards at the *Laowaitan* were redesigned and reinstalled, many wooden benches were installed on the waterfront promenade along the Yong River, and two public restrooms at the *Laowaitan* were upgraded to three-star standard<sup>104</sup>. Since the *Laowaitan* was not originally redeveloped as a tourist area, this improvement work is thus particularly indispensable to the application for the national title.

Yet the operating funds of the *Laowaitan*'s governing authorities, including the funds for the Saturday campaign, the high rent of the *Laowaitan* Visitor Center, and the cost of tourism facility improvement works, are estimated to be as high as three million *yuan*/year. Meanwhile, none of the authorities have a stable income, which means all the expenditure has to be financed solely by the government budget of the North Bank District government. Thus, the North Bank authority thought of applying for some municipal budget for the *Laowaitan*, especially after being awarded the title of the "National 4A Tourist Area" 105.

The application for the "National 4A Tourist Area" title was the top priority on the agenda of the Management Committee and the Chamber of Commerce at that time. The Chamber of Commerce convened meetings among its members to disseminate notices and solicit suggestions, and

worked hard on mobilizing all business owners at the Laowaitan to support the application. But it is not an easy job to gain business owners' support when there are conflicting interests. A case in point is the plan for pedestrianization. In order to make the Laowaitan a more pedestrianfriendly tourist area, the North Bank authority sought to pedestrianize Yangshan Road and designate Outer Road as a one-way street. This meant that no automobile would be allowed to drive inside the six blocks of the Laowaitan, and all automobile traffic would have to make a detour outside through Station Road, Outer Road, and 2nd Street<sup>106</sup>.

This was of course good news for pedestrians. However, some business owners were against this proposal when it was discussed at the working meeting of the Chamber of Commerce. For example, the Tiancheng Mansion (Tiancheng fudi) restaurant, which is located at the intersection of Yangshan Road and Middle Road, argued that many of their patrons are senior government officials, who have their government cars drive them here and let them off just in front of the restaurant. Pedestrianization of Yangshan Road means that those officials will have to walk for some distance, which is seen as inappropriate in the Chinese political context<sup>107</sup>.

Finally, the result of all that discussion was that since November 2014, the Laowaitan has been completely pedestrianized. In addition to Middle Road, which has always been a pedestrian street ever since the opening of the Laowaitan, Outour Road, Yangshan Road, Yangshan Lane, and 2nd Street have also become pedestrian streets closed to unauthorized motor traffic and parking.<sup>108</sup> It is a step further than the original pedestrianization plan discussed earlier, because making the detour through Station Road, Outer Road, and 2nd Street also becomes impossible. In December 2012, the CPC's General Secretary Xi Jinping put forward his "Eight-Point Regulation of the Center" (zhongyang ba xiang guiding) to discipline, at first, members of the Central Politburo and, finally, all party-state cadres. Alongside Xi's high-profile anticorruption campaign, public spending on banquets and recreational activities has been sharply reduced. In this context, it is much less likely for restaurants at the Laowaitan to oppose the pedestrianization plan with reference to local cadres' encounters with their high-end consumption spaces, which might be fatal clues for the cadres' political life.

An inspection delegation of the National Tourism Administration came to the Laowaitan on December 21, 2011. After the inspection, the delegation officially announced that the Laowaitan has met all national standards and has been entitled China's "National 4A Tourist Area." <sup>109</sup> This effort made by the North Bank authority for the promotion of the Laowaitan as a tourist destination was finally a complete success.

Since this success in 2011, the *Laowaitan* has also been awarded some other national titles in recognition of its first-class cultural atmosphere and business management. For instance, in November 2014, the Laowaitan was entitled China's "Urban Central Recreation District" (chengshi zhongyang xiuxian qu) by the National Technical Committee 498 of Leisure of Standardization Administration of China (quanguo xiuxian biaozhunhua jishu weiyuanhui), making Ningbo China's sixth and Zhejiang's first city to gain this title. 110 In November 2015, the Laowaitan gained the title of "China's Famous Business Street" (Zhongguo zhuming shangyejie). The Lagranian is one of the 34 business streets in China that are awarded this title by the China Pedestrian Business Streets Committee (Zhongguo buxing shangyejie gongzuo weiyuanhui). 111 But my study will stop here in 2011, because at this point, the restructuring of the Laowaitan's governance has achieved an initial success. This not only helps the North Bank authority and other stakeholders to build confidence in the Laowaitan, but more importantly, it lays the institutional basis upon which the Laowaitan has been moving further toward vibrancy. No significant institutional change has been made to the governance structure of the Laowaitan so far.

# 2.5 Official Proposals for Improving the Laowaitan's Governance

Various departments of the North Bank authority have been seeking to restructure the governance of the *Laowaitan* for a few years. In addition to those efforts discussed above, the North Bank District Federation of Industry and Commerce and the Middle Road Street Office submitted a proposal at the Chinese People's Political Consultative Conference of the North Bank District in 2010 and 2011, respectively, regarding the governance problems with the *Laowaitan* and their suggestions for improvement. Although the two proposals have no legal effect, they indeed demonstrate the North Bank authority's explicit resolution to institutionalize their local governance initiatives discussed above. Before drawing to an end of this chapter, it is helpful to review these proposals for a better understanding of the official stance on the *Laowaitan*'s governance. The two proposals share a lot of commonalities in their points of view, which I generalize as follows:

# • The *Laowaitan*'s problems:

(1) Businesses at the *Laowaitan* are too concentrated in the catering industry. Although the *Laowaitan* has indeed become a popular

- place for dining, which is full of theme restaurants and bars, it also causes the problem that there are few visitors in the daytime and few customers for other industries and attractions at the Laowaitan other than the catering industry.
- (2) Shops at the Laowaitan are owned by individual proprietors, and thus, it is difficult to coordinate among those individual proprietors for coherent business planning and upgrading. As there is no authority that can effectively regulate investment attraction and selection of tenants and businesses when previous tenants are seeking to sublease their properties, some subletters and new businesses are not in conformity with the overall environment and positioning of the Laowaitan, and thus, styles of exterior decoration of shops vary significantly.
- (3) The Laowaitan is an open "block property" rather than a gated community. This "openness" causes extra difficulties for property management, as the Laowaitan is always open to people and automobile traffic from outside. Due to the high cost of maintenance, some facilities, such as the eruptive fountain and fireworks installed on the boardwalk of the *Laowaitan*'s waterfront promenade, and mechanical multilevel parking lot under the approach of the Yong River Bridge are either deserted or underutilized. Meanwhile, the Property Management Company has suffered from a shortage of property management fees. The vacancy rate of shops at the Laowaitan has remained at about 30 %, and some proprietors and tenants refuse to pay property management fees for some reasons. This problem significantly undermines the management capacity of the Property Management Company. In addition, the Property Management Company is not willing to closely cooperate with the North Bank authority or join various promotional campaigns for the Laowaitan.
- (4) Despite the fact that the North Bank authority has established the Management Committee as a unitary and coherent governing body for the Laowaitan, its effect has been undermined due to multilateral governance of the Laowaitan, the players of which include such municipal authorities as administration for maritime affairs (haishi ju) and the NBUCI. Particularly, the NBUCI, the supposedly key governing body of the Laowaitan, does not manage the Laowaitan properly after the completion of the redevelopment, because it has shifted its attention to other projects.

(5) Car parking is chaotic. The underground garages underneath the two apartment buildings of the *Laowaitan* are not open to outsiders, and the mechanical multilevel parking lot under the Yong River Bridge approach is technically difficult to use. Thus, cars are often parked almost everywhere at the *Laowaitan*, which often block pedestrian areas and fire exits. Parking meters are installed on Outer Road; thus, there are often a lot of cars driving and parked on Outer Road, negatively affecting the business atmosphere and putting the safety of pedestrians at risk.

# • Policy suggestions:

- (1) Consolidate and further develop the catering industry; make use of the location, history, and culture of the *Laowaitan* to develop tourism; diversify industries of the *Laowaitan*'s businesses; and attract investment in theme retailing, training and education, tourism, logistics, and cultural and creative industries.
- (2) Coordinate among various governing bodies related to the *Laowaitan*, especially the Management Committee and the NBUCI, and more clearly arrange ownership and right of management; request the NBUCI to remise all management rights of the *Laowaitan* to the North Bank authority; create a comprehensive law enforcement team consisting of traffic police, public security police, and urban management officers to regulate car parking, exterior decoration of shops, and construction affairs; closely supervise investment attraction and sublease of shops in terms of business licensing, environment, and fire control regulations.
- (3) Pedestrianize the entire *Laowaitan* and remove parking meters along Outer Road, making the streets of the *Laowaitan* completely closed to automobile traffic and car parking. The new parking lot constructed on the site of former Lanjiang Theater will provide more parking spaces.

The most interesting part of the proposals is that the proposers explicitly request the NBUCI to completely withdraw from the governance of the *Laowaitan* and transfer its rights of management to the North Bank authority. This explicit intention was also detected by some administrative staff of the Management Committee at the working meetings on the Saturday campaign. Although the subsidiary Property Management

Company of the NBUCI already does not have much power over the governance of the Laowaitan, from the perspective of the North Bank authority, which has been quite dissatisfied with the NBUCI, the NBUCI should simply be kicked out completely. Apparently, the North Bank authority considers the Laowaitan as its exclusive purview for administration and believes it can do much better if given more power over the Laowaitan. Yet this request is of course difficult to implement. As a municipal-level state enterprise, the NBUCI is still a bit hard for the North Bank authority to deal with. Indeed, the NBUCI's Property Management Company still retains its operations at the *Laowaitan*.

Another interesting part of the two proposals is the intention of establishing a comprehensive law enforcement team performing functions of a number of government bureaus to regulate business operations and public spaces of the Laowaitan. Although there is no indication of whether this suggestion is inspired by governance mechanisms of other business districts, this kind of comprehensive law enforcement has been in existence in Tianyi Square for a few years and has played a very important role in the governance of Tianyi Square. Apparently, the North Bank authority considers this method as an effective way to establish a coherent governance mechanism for the Laowaitan by virtue of the strong administrative authority of government. But this proposal has not been implemented so far.

#### Concluding Remarks

As the NBUCI's second strategic urban redevelopment project, the Laowaitan project has become another commercial success and another landmark of Ningbo. New industrial spaces, new consumption spaces, and new residential spaces have been produced. However, the Laowaitan is far from a perfect project. More and more problems in its long-term governance emerged soon after its opening.

In order to solve the misunderstanding and disagreements among business owners at the Laowaitan, the Property Management Company, and the North Bank authority itself, and to improve the overall governance of the Laowaitan, since 2007, the North Bank authority has launched a series of local governance initiatives, including the establishment of the Laowaitan Chamber of Commerce for business owners to articulate their interests and engage in policy-making, the establishment of the *Laowaitan* Management Committee and its promotional campaign "Saturday, let's meet at the Laowaitan," and the application for the title of the "National 4A Tourist Area "

The most unique element in such governance initiatives is the local state-business intermediation and concertation. The Chamber of Commerce demonstrates some of the elements of local corporatism in terms of state authority and imposition for interests intermediation and local governance. The common local interests between the North Bank authority and business owners in the *Laowaitan* area have become the basis for such a corporatist arrangement, leading to a place-specific rather than an industry- or profession-specific arrangement. Meanwhile, the Management Committee, which is an agency of the Middle Road Street Office, also intends to engage more businesses into the organizing of its Saturday campaign, and business owners at the *Laowaitan* gradually accept such a form of promotion because they find it might be useful for them to improve their business operations and the overall business atmosphere of the *Laowaitan*.

Chapter 7 will be the theoretical conclusion and discussion. I will summarize the whole story of Ningbo's downtown redevelopment since 2000, as vividly demonstrated in the two projects of Tianyi Square and the *Laowaitan*, and discuss their theoretical implications for understanding China's local entrepreneurial state in relation to urban redevelopment and governance.

### Notes

- 1. The unexpected frustration in the long-term business performance of the *Laowaitan* is considered due to the fact that the NBUCI sold all properties out to individual investors, which is in sharp contrast to Tianyi Square. Therefore, in 2010, when the NBUCI was advertising for its Moon Lake Flourishing Garden (*Yuehu shengyuan*), another *Xintiandi*-style commercial project in Ningbo's Haishu District, the NBUCI consciously emphasized that this time, the NBUCI would retain all property ownership of shops in its hands and be responsible for its long-term business management, with the phrase "*zhi zu bu shou*" (for rent only, not for sale). See Wang, Lan. 2009. Yuehu Shengyuan yu cheng Ningbo ren de "Xintiandi" [The Moon Lake Flourishing Garden Seeks to Become Ningbo People's Xintiandi]. *Ningbo ribao* [*Ningbo Daily*], March 9.
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- 3. Personal interview with Mr. L on July 30, 2009.
- 4. Personal interview with a Ningbo-based architect on July 15, 2009.
- 5. Personal interview with the architect on June 9, 2009.
- 6. Personal interview with Mr. T on July 13, 2009.
- 7. Personal interview with Ms. G on July 20, 2009.

- 8. Personal interview with Mr. F on July 31, 2009.
- 9. Personal interview with Ms. Y on August 3, 2009.
- 10. Personal interview on July 23, 2009.
- 11. Personal interview with Mr. F on July 31, 2009.
- 12. Personal interview with Mr. L on July 30, 2009.
- 13. Personal interview with Mr. L on October 14, 2011.
- 14. Personal interview with Mr. L on October 14, 2011.
- 15. Personal interview with Ms. O, representative of the 9th People's Congress of the North Bank District, on July 3, 2009.
- 16. Personal interview with the administrative staff of the Property Management Company on July 14, 2009.
- 17. Personal interview with Ms. O on July 3, 2009.
- 18. Personal interview with Ms. O on July 3, 2009.
- 19. Personal interview with Ms. O on July 3, 2009.
- 20. Personal interview with a business owner on July 31, 2009.
- 21. Personal interview with Ms. C on June 22, 2009.
- 22. Personal interview on July 14, 2009.
- 23. Personal interview with Mr. L, owner of Bolishe, on July 31, 2009.
- 24. Personal interview with the manager of the Property Management Company on August 16, 2010.
- 25. Personal interview with Mr. L on July 7, 2010.
- 26. Personal interview with Mr. L on July 15, 2009.
- 27. Personal interview with with a business owner at the Laowaitan on July 22, 2009.
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- 35. Personal interview with Mr. G, representative of the 9th People's Congress of North Bank District, on July 10, 2009.

- 36. Guo, Jing. 2007. Xinjiangqiao laoqiao gaobie Yongcheng [The Old New Bridge Will Say Farewell to Ningbo]. *Ningbo ribao* [*Ningbo Daily*], Dec. 9.
- 37. Personal interview with Mr. G on July 10, 2009.
- 38. Luo, Guorong, and Fang Chen. 2007. bianqiao guantong, Laowaitan shangquan fusu [The Laowaitan Business District Is Recovering Following the Opening of Temporary New Bridge]. *Ningbo ribao* [*Ningbo Daily*], Jan. 31.
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# Conclusion and Discussion

The local state-led urban redevelopment regime in Ningbo, which is embodied by the NBUCI, has significantly transformed Ningbo's urban spaces and industrial structure, as well as the way in which people use and perceive urban spaces. Tianyi Square and the *Laowaitan* are two representative projects undertaken by the NBUCI on behalf of the Ningbo authority. Strategically located in Ningbo's downtown, the two projects have far-reaching implications for Ningbo's urban development, industrial upgrading, and the transformation of urban governance. These implications have been scrutinized over a period of roughly ten years in this book, from the time the Tianyi Square project was launched till the time the *Laowaitan* gained the title of the "National 4A Tourist Area."

More importantly, this detailed case study of Ningbo lays down the foundation for some more insights into the nature of the Chinese state and China's state-society relations. Certainly, such grand theoretical missions are extremely difficult to accomplish if we only seek one single absolute theory that is universally applicable to every part of China. However, contextualized knowledge generated in detailed case studies, despite its limited spatial and temporal scopes, does enable researchers to conduct constructive dialogs with existing theories and arrive at new theoretical formulations and reflections on directions for future research. This chapter will refer to the theories as discussed in Chap. 1 and see what theoretical implications this case study of Ningbo has drawn.

# 1 A Local Entrepreneurial State in Urban Redevelopment

The concept of the "entrepreneurial state" basically refers to the ability of the state to innovatively engage in a market economy, including but not limited to running strategic state enterprises, in conformity with the capitalist laws of economics, in order to perform political-economic functions that cannot be easily performed by traditional state apparatus or private enterprises, and serve broader social benefits. State entrepreneurship is especially necessary when and where private entrepreneurship is inadequate. This theory contradicts the conventional wisdom that entrepreneurship is exclusively owned by the private sector and that direct involvement of the state in the economy usually distorts the market mechanism.

Given the subtle distinction between state entrepreneurship and state ownership, the entrepreneurial city theory is pertinent to the study of China's urban redevelopment and governance. The most important implication drawn from this theory is that the urban local state may be entrepreneurial with or without the operation of a significant number of local state enterprises. In other words, when the urban local state is undertaking city marketing, state ownership is not a precondition. This insight contributes to the local entrepreneurial state literature by uncovering the two facets of local state entrepreneurship with regard to urban development and governance: (a) operation of local state enterprises for urban land and property development; (b) city marketing strategies, such as promotional campaigns, entrepreneurial discourses and narratives, and local state-business partnerships.

Tianyi Square and the *Laowaitan* were regarded by the Ningbo authority as two strategic urban redevelopment projects in the downtown that must be undertaken for a number of reasons, such as improvement of the infrastructural and housing conditions of the dilapidated neighborhoods, and industrial upgrading and spatial restructuring characterized by the booming tertiary industry and city beautification. To some extent, therefore, the two projects were both economically and politically important for the Ningbo authority. The two projects were done by the NBUCI, a local state enterprise specifically committed to strategic urban construction and public works projects. With a considerable amount of state fixed assets transferred from the Ningbo government, the NBUCI was incorporated, and now, it has become a modern corporate group that has standard modern corporate governance structure and is listed on the stock market.

The original reason for the involvement of the NBUCI was that Ningbo's private developers were not confident or experienced in such kind of commercial real estate projects, and they thought that the two projects were too costly and risky. No international developers showed interest in the two projects either. In the Laowaitan case, the strict regulation governing heritage conservation was an additional factor that made the redevelopment costly and the market prospect uncertain. It was exactly because private entrepreneurship was inadequate in this domain that the Ningbo authority decided to employ state entrepreneurship, as embodied by the NBUCI, to have the two projects done. The NBUCI's commitment to heritage conservation in the two projects reflected the need of the Ningbo government for political legitimacy, especially when the situation has been widely publicized to the general public by party-state media at higher levels.

The Ningbo government is subject to institutional constraints as imposed from top down in China's state system. In particular, the Ningbo government was barred from directly financing on the capital market for public spending as prohibited by China's Budget Law till 2014, and was barred from directly financing on the capital market for public spending as prohibited by China's Budget Law. By establishing the NBUCI, a local state enterprise, as an urban policy instrument, the Ningbo government managed to overcome this significant constraint. This reminds us of the "informal coping strategies" discussed by Tsai, 1 many of which are created and employed by local governments. The Ningbo government facilitated the NBUCI's projects by transferring some state-owned urban land to the NBUCI free of charge or at low prices and providing credit guarantee when the NBUCI was mortgaging the land for bank loans. It thus accelerated the spatial and industrial restructuring of Ningbo. But with China's Budge Law amended in 2014, China's legal environment no longer allows the Chinese version of urban development corporations (chengjian touzi gongsi) to continue playing the role of an investment and financing platform for the local state.

Due to the pervasive competition from the private sector and international developers, urban real estate development does not guarantee sufficient level of state monopoly and unconditional survival of state enterprises, or profitability of projects done by state enterprises. Thus, the NBUCI still has to comply with capitalist laws of economics in order to survive, raise funds on the stock market, and complete projects designated by the Ningbo government. In addition, the NBUCI demonstrated its ability to emulate the latest strategies of urban redevelopment derived from other Chinese cities in an entrepreneurial manner, such as outdoor shopping malls, and culture- and consumption-oriented redevelopment of historic districts. Its collaboration with DTZ Debenham Tie Leung, MADA s.p.a.m., and Lihongtian provided the NBUCI with indispensable expertise in architectural design and commercial real estate management for the two projects.

The successful utilization of state enterprises for urban redevelopment in Ningbo well reminds us of the arguments made by Duvall and Freeman, Rueschemeyer and Evans, and Ebne about the importance of state enterprises to the entrepreneurial state and their capability to comply with capitalist laws of economics.<sup>2</sup> The fact that the NBUCI was willing to undertake the two costly projects and was partially committed to heritage conservation also echoes Duvall and Freeman's argument that state enterprises can also tolerate uncertain market prospect and unsatisfactory profits when implementing politically important projects in a marketized manner.<sup>3</sup>

As I argued in Chap. 1, it is arbitrary and simplistic to hastily predict the demise of China's entrepreneurial state as demonstrated in the operation of state enterprises, especially in the specific domain of urban development and governance. Yet the macro-institutional environment of the Chinese state constantly changes, and such changes, for example, the latest amendments to the Budget Law, have profound implications for China's state behaviors in general and China's urban development and governance in particular. We need some more time to observe the long-term impacts of this institutional change.

Besides, the Ningbo authority has also been entrepreneurial in its direct involvement in city marketing activities for the Tianyi Square and the *Laowaitan* projects, which is the other side of the local entrepreneurial state. The Ningbo government organized high-profile promotional campaigns for both the two projects, and Ningbo's local propaganda apparatus and top leaders were deeply involved in such kind of campaigns. The Ningbo authority was also good at building entrepreneurial discourses and narratives, such as the *Laowaitan* as the spiritual homeland for the Ningbo Clique (Ningbo merchants who have formed a large business group over the years). It should be noticed that such entrepreneurial involvement was realized in conjunction with the market operation of the NBUCI and the collaboration of the private-sector players. In other words, the local entrepreneurial state works hand in hand with its subordinate local state enterprises and the private sector, and thus, the two facets of the local entrepreneurial state are closely integrated with each other.

These findings testify the insights of Harvey<sup>4</sup> and Jessop and Sum.<sup>5</sup> As the Ningbo case demonstrates, public-private partnership was an integral part of

the local state-led urban redevelopment regime, and city marketing strategies were innovatively intended for local competitiveness and were formulated and implemented in entrepreneurial manners. As the two redevelopment projects envisioned, new urban spaces for production, consumption, and living have been produced, which is expected to lead the city to competitiveness and prosperity.

#### LOCAL CORPORATISM FOR URBAN GOVERNANCE

Corporatist theory interprets the state as a political entity that has its own interests, autonomy, and initiatives. It discusses the coalitions, fusion, and mutual penetration between the state and various social groups based on institutionalized and constant mutual interaction and negotiation. It is found that the participation of social groups in governance and their articulation of interests are not necessarily spontaneous but highly structured, if not directly created by state action through state-sponsored associations and policy consultation. Corporatism seems to be more active under such conditions where social interests are highly differentiated and each social group has strong bargaining power vis-à-vis the state, and therefore, the state has to reconcile divergent social interests and solve conflicts among them so as to achieve social solidarity.

Despite the unsolvable debate on whether there is corporatism in China, the central argument of corporatist theory, namely, the creation, licensing, and sponsorship of interest organizations by the state for interests articulation, and state mandates for disciplining the constituencies and facilitating policy implementation, and sometimes, also involvement in policy-making on the part of interest organizations, is highly relevant to the structure and process of state-society relations under China's party-state. The way the Maoist party-state in China organized its auxiliary "mass organizations" (qunzhong zuzhi) is regarded as China's prototypical mode of state corporatism. In the process of consciously loosening social control and fostering market economy by the party-state in the reform era, various civic organizations licensed or directly created by the party-state and its mass organizations have obtained relative autonomy and become involved in certain fields of socioeconomic governance. China's noteworthy administrative and fiscal decentralization particularly gives rise to booming "regional corporatism" as formulated by Unger and Chan.6

Business associations are by far the most vibrant type of new civic associations in China. It is widely observed that, on the one hand, private entrepreneurs possess significant economic resources and social capital and are usually eager to form associations to establish business networks and to influence policy-making; on the other hand, the Chinese state is also willing to accept and very often directly create business associations to make use of the economic resources and professional expertise possessed by business elites in the service of economic development and governance. The *Laowaitan* Chamber of Commerce is a local business association established at the urban district level. In addition, it is a cross-sectoral business association, as its constituencies span such industries as the catering industry, retail industry, recreational and entertainment industry, and cultural and creative industry, and thus, its level of interest representation lies in between individual firms and the national level.

The causes of creating the Chamber of Commerce are: (a) the disappointing governance of the Laowaitan, which dissatisfied both business owners at the Laowaitan and the North Bank authority; (b) the misunderstanding and lack of coordination between business owners and the Property Management Company, and between business owners and the North Bank authority, which further let business owners down and even caused visible conflicts between business owners and the Property Management Company; (c) the initial weakness of the North Bank authority in the governance of the Laowaitan due to the private property ownership of shops at the Laowaitan and the privileged position of the Property Management Company in the governance of the Laowaitan, both of which make arbitrary state regulation of business at the Laowaitan improbable; (d) the willingness of both business owners and the North Bank authority to establish an institutional mechanism for mutual interaction, consultation, and coordination which would serve policy-making for the governance of the *Laowaitan*; (e) the broader ambitions of the North Bank authority to upgrade the Laowaitan to be the premier destination for the catering, recreational, and creative industries in Ningbo, as well as the gateway of tourism industry in the North Bank District, in the context of fierce interdistrict competition in Ningbo.

The Chamber of Commerce was finally established under the auspices of the North Bank authority in a top-down manner, as the North Bank authority later on realized the need of such kind of mechanism for state-business intermediation. State imposition and authority was the key factor in the establishment of the Chamber of Commerce. The structure and operations of the Chamber of Commerce demonstrate a number

of elements of corporatism. Despite apparent limitations in the level of concentration of interests, internal coherence and identity, and effectiveness of consultation for policy-making and implementation, the Chamber of Commerce has been working as a regular, stable, and institutionalized platform on which business owners at the Laowaitan can articulate their interests to the North Bank authority, give feedback and comments on existing and intended policies, propose suggestions for future policymaking, and regulate its members' business activities.

The Chamber of Commerce is established by the Middle Road Street Office under the auspices of the North Bank authority, yet it is also affiliated with the North Bank District Federation of Industry and Commerce. This kind of dual affiliation is actually prevalent among China's corporatiststyle mass organizations and their affiliated new civic organizations. As Unger and Chan observed, the actual operations of local branches of nation-wide corporatist organizations depend on local authorities much more than on the central state and peak-level headquarters, and sometimes even works against those peak-level authorities. Dickson also noticed that many corporatist organizations in China are created or sponsored by local party-state agencies and are not always vertically connected with peak corporatist associations at the national level.8 Although the Laowaitan Chamber of Commerce is ostensibly affiliated with the national network of the ACFIC to obtain legitimacy, the formation and functioning of the Chamber of Commerce has been predominately based on the territorial and horizontal command system of the local party-state within the North Bank District in Ningbo.

In this context, the local corporatist state-business intermediation and concertation also serves the ends of governing new urban spaces. This mechanism is largely initiated by the local entrepreneurial state, yet may, at different levels—for instance, at the municipal district level as in the Laowaitan case—be committed to local economic growth and city (district) marketing. Such local corporatism is therefore part of the local state-led urban redevelopment and governance regime, the primary concern of which is to solicit cooperation of dispersed private business owners for collaborative governance of new urban spaces. Corporatist organizations of private business owners, over which the local state has effective control, are the organizational platform upon which such state-business intermediation and concertation is conducted.

#### 3 Multilayered Local Entrepreneurial State

In addition to establishing a corporatist organization for collaborative governance, the North Bank authority has also been involved in subtle power struggle with the NBUCI for more effective control over the *Laowaitan*. Despite the fact that the NBUCI is a local state enterprise subordinate directly to the Ningbo authority, which is the superior of the North Bank authority, the relationship between the NBUCI and the North Bank authority has not been easy. Since the NBUCI has shifted its attention from the long-term governance of the *Laowaitan* after the redevelopment, it has been criticized by some grassroots cadres of the North Bank authority of being "irresponsible." The interests of the two parties diverge, resulting in the North Bank authority's wrestle with the NBUCI. The establishment of the *Laowaitan* Management Committee and the Chamber of Commerce is the major initiative of the North Bank authority toward strengthening its governance authority versus that of the NBUCI, and the corporatist-style Chamber of Commerce constitutes a local state-business coalition at the district level.

This subtle power struggle between the municipal and district authorities is noteworthy for a more nuanced understanding of the dynamics in China's urban redevelopment and governance. Intergovernmental relations are indeed among the most debated topics in urban China studies, and some scholars insightfully observed the differences and disagreements between different levels of governments. For instance, in their study of the Xintiandi redevelopment in Shanghai, He and Wu found that the Shanghai Municipal Government was the authoritative mediator and supervisor, while the Luwan District Government was an active collaborator. District governments had to undertake urban redevelopment as a political task assigned by the municipal government. The major disagreement was that the Shanghai Municipal Government was more concerned with its political legitimacy and had to slow down redevelopment when opposition from citizens became severe, while rapid and high-density redevelopment was always the top priority for the coalition between district governments and private property developers. 9 Yang and Chang share a similar perspective on intergovernment relations in their own research of the Xintiandi. 10 Zheng made a distinct contribution by adding street offices into her analysis of the creative industry clusters in Shanghai. She found that street offices were basically subordinate to district governments, interdistrict competition was fierce due to different districts' rivalry in place promotion, and there was fierce due to different districts' rivalry in place promotion, and there was mutual cooperation between district governments and the municipal-level agents of urban development.<sup>11</sup>

My own findings in the Ningbo case differ from the above studies. First, the Ningbo authority and the NBUCI, its subordinate local state enterprise, were the dominant players in urban redevelopment, and participation of the North Bank authority in decision-making and implementation was limited to promoting the project and taking on the work of resident relocation. In others words, the North Bank authority was just a supporting player. Second, the major disagreement between the district and municipal governments was that while the former was more concerned with the long-term socioeconomic effects of the redevelopment due to the primacy of the Laowaitan for the North Bank District, the NBUCI simply shifted its attention elsewhere without sustained commitment to its governance after the redevelopment. This resulted in disappointment and frustration among the stakeholders based in the North Bank District and the subtle power struggle between them and the NBUCI. These findings are essentially different from all the findings in the case study of Shanghai in terms of district-municipality relations. Yet my findings share a common argument with Zheng's research, in that the Middle Road Street Office is subordinate to the North Bank District Government in all these local governance initiatives, and interdistrict competition due to their rivalry in city (district) marketing is a key factor stimulating such initiatives. In China's state system, street office is not a level of government but an agent (paichu jiguan) of the district government above it and does not have autonomy in personnel or fiscal matters. Thus, my findings are consistent with the state regulations governing street offices.

I therefore argue for more nuanced and contextualized interpretations of intergovernment relations in China's urban redevelopment and governance. It is apparent that China's local entrepreneurial state is multilayered, and in the specific domain of urban affairs, the general pattern seems to be such: (a) municipal governments are always the dominant players by virtue of their control over land lease and urban planning, and they may decide whether their urban development corporations will undertake urban redevelopment projects directly (this is usually opted for by China's secondtier cities like Ningbo and even smaller cities) or just provide some rules, regulations, and stimulus, and assign urban redevelopment projects to district governments and private developers (this is preferred by China's biggest and most internationalized cities such as Shanghai); (b) the interests of municipal and district governments may diverge, and when the degree of participation of the two levels of governments in urban redevelopment projects differs significantly from each other, such divergence is usually inevitable; (c) street offices do not have essentially different interests from the district governments above them, and for most of the time, they are effective supporting players for urban redevelopment projects and long-term governance; (d) interdistrict competition is always a stimulus for local governance initiatives at the district level, and district governments and their subordinate street offices may form coalitions with the private sector in their jurisdiction for collaborative urban governance; (e) if the interests of the municipal and district governments diverge, such district-level coalitions may have power struggle with municipal governments and/or their urban development corporations to better safeguard the local interests at the district level.

The degree of participation of the North Bank authority in the Laowaitan redevelopment was limited, and thus, the North Bank authority did not manage to stop the NBUCI from selling the properties of the Laowaitan, which it was strongly against. All the following governance problems with the Laowaitan and the municipal-district wrestle may be, to a large extent, attributed to this problematic arrangement. In should be noted that the NBUCI has also been establishing other arrangements to undertake other urban redevelopment projects in Ningbo. For instance, the NBUCI has three subsidiaries specifically committed to district-wide comprehensive urban redevelopment (qukuai kaifa) projects: the Ningbo Cicheng Old Town Development & Construction Co., Ltd. (Ningbo shi Cicheng gu xiancheng kaifa jianshe youxian gongsi), the Ningbo Haicheng Investment & Development Co., Ltd. (Ningbo shi haicheng touzi kaifa youxian gongsi), and the Ningbo Liangjiang Investment Co., Ltd. (Ningbo liangjiang touzi youxian gongsi). All of them are actually joint ventures established by the NBUCI in collaboration with the North Bank District Government and the Cicheng Town Government (Cicheng zhen zhengfu), the Ningbo Haishu Guangju Asset Management Company (Ningbo shi Haishu qu guangju zichan jingying gongsi, a local state enterprise of the Haishu District Government), and the North Bank District Government, respectively, in 2001, 2002, and 2011. 12 As investors, these district/town governments secure their positions in such joint ventures and may effectively participate in decision-making when urban redevelopment projects are undertaken in their jurisdictions. This makes the power relation between district/town governments and the NBUCI more balanced, and thus, the multilayered local entrepreneurial state becomes more coherent and stable.

In particular, the Ningbo Liangjiang Investment Co., Ltd., which is a joint venture between the NBUCI and the North Bank District

Government, is responsible for redeveloping the north bank of both the Yong River and the Yuyao River (this is what "liangjiang" refers to, which literally means "two rivers") in the North Bank District, including the immediate extension of the Laowaitan further upstream the Yong River. In contrast, the NBUCI solely undertook the Laowaitan redevelopment project without substantial investment from the North Bank authority. Though without systematic knowledge of the evolution of such joint ventures, I still cautiously speculate that both the North Bank authority and the NBUCI have learned from the problematic institutional arrangements for the Laowaitan redevelopment and have realized that successful redevelopment would require sufficient participation of both parties.

#### FINAL REMARKS

Driven by the demands of industrial upgrading and spatial restructuring, and by virtue of its strong power in urban planning and governance, the local entrepreneurial state utilizes urban development corporations to capitalize on urban land. The multilayered system of urban governance engenders multifaceted interactions between the local state and the owners and consumers of new urban spaces. Their collaboration, bargaining, and compromise make the mechanism of urban redevelopment less straightforward and more complex.

The new owners and consumers of new urban spaces may have conflicting interpretations of how such spaces should be used, with the local state or among themselves. The transplantation of international consumerism and city marketing strategies imposes tremendous pressure on the Chinese city for corresponding transformation of its understanding of urban life and urban governance. The injection of international capital, investors, and consumers also renders the downtown less bound to the local community and more oriented toward the dictates of international urbanism. While the downtown is more "internationalized," it also becomes less relevant to some of the local communities that have very limited access to the international flow of capital and information.

The replacement of dilapidated neighborhoods by new urban spaces of consumption and the cultural industry, on the one hand, boosts the urban economy and upgrades the city image, but on the other hand, also eradicates the previously established communities and pushes the urban problems of poverty and inequality outside of the downtown. It cannot be denied that many relocated residents benefit from the rehousing arrangements and

improve their housing conditions. But many of them are also deprived of their social network as nurtured in their rooted communities and of the convenient access to the amenities in the downtown because they are relocated to distant dwellings in the outskirts. For the relocated residents who are economically less better off, their problem of poverty is not gone with the redevelopment, but is simply pushed elsewhere. Though urban poverty and inequality are not the main subjects of this study, at the end of this book, I still need to mention such problems in the midst of China's tremendous urban redevelopment primarily driven by the local entrepreneurial state. Among other disadvantaged groups, some relocated residents bear the social costs of China's rapid urban redevelopment, and this problem should not be overlooked despite the widely acknowledged achievements of China's great urban transformation.

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