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Culture, commerce and innovation in China

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ABSTRACT

This article examines the recent interest in creativity within China. It identifies a desire on the part of China's cultural intellectuals and cadres to exploit the economic benefits of contemporary cultural markets and to be part of a new growth phenomenon called the "creative economy". The way to make China competitive appears to be through the clustering of cultural and creative workers. Serving as a pretext for a cultural renaissance, the plural concept of the *creative industries* has become fashionable. What this allows is a reshaped management of the field of cultural production, usually among government officials and business speculators, in the guise of providing the infrastructural conditions for creativity. The paper argues moreover that real innovation is overlooked in the rush to demonstrate market success.

Key words: China, creativity, clusters, innovation, post-industrial society

Culture, commerce and innovation in China

The real act of discovery lies not in finding new lands but seeing with new eyes

-- Marcel Proust

Innovation is the soul of a nation's progress (*chuangxin shi yi ge minzu jinbu de linghun*)

--A prominent neon sign in Shanghai's Nanjing Road shopping mall

Introduction

The relationship between culture and economics has come to the fore in urban planning and regional studies research during the past decade. Despite a steady stream of studies internationally, however, there has been a lack of acknowledgement of this promising field of enquiry within China studies.

Since 2007 the concept of the *creative industries* has become almost mandatory in cultural policy circles in China. The creativity *zeitgeist* has infiltrated city and district governments. Conferences and forums have linked creativity with harmonious society¹; propaganda officials have extolled the virtues of increasing returns, value-adding and the "long tail"²; international consultants have been sought out, mostly those with British

¹ For example, the "Creative China, Harmonious World International Forum on Cultural Industry" held at the Qianyang Hotel Conference Centre, Chengde, Hebei Province 14 – 17 December 2008 followed a conference in Shenyang at the Shenyang Traders Hotel on 12 – 13 December called "The High-end Vision, Scientific Development, Being Bold in Innovation and Meeting the Challenge Conference". Many cities have held similar themed events since 2008. Shanghai has hosted an annual "Creative Industries Week" since 2005, usually in October while Beijing has held a weeklong annual "International Cultural Creative Industries Expo" since 2006. This is usually in November with a lavish opening ceremony and meetings in the Great Hall of the People.

² The "long tail" refers to the idea our culture and economy is increasingly shifting away from a focus on a relatively small number of "hits" (mainstream products and markets) at the head of the demand curve and toward a huge number of niches in the tail. See Chris Anderson *The Long Tail: How Endless Choice is Creating Unlimited Demand* (London: Random House Business Books 2006). By 2007, this book had been translated into Chinese.

government credentials.³ The creative industries have generated enthusiastic support from artists, designers, urban planners, developers and academics. However, in contrast to the UK, and many other international jurisdictions that have adopted this paradigm, the emphasis in China is heavily on the final output; or to put it another way, on *industry*. While there have been conscientious objectors to the policy view that culture, commerce and government are harmoniously integrated, a massive reorganisation of production infrastructure has already taken place. It is now common to find artists, animators, designers and other creative practitioners working in industrial zones, in some cases adjacent to manufacturing, processing and chemical factories.

This international discourse has facilitated a reshaped field of cultural management, one in which government officials, business speculators and entrepreneurs remain key players. Moreover, despite enthusiasm for the intangible high-value returns promised by the exploitation of creative capital, China remains locked into a low-cost manufacturing economy. My key concern in this essay is to show why this is so, and how this in turn impacts on the cultural sphere.

I begin with some preliminary observations about the relationships between culture and commerce. I then briefly sketch out the interplay between culture, governance and innovation at key moments of Chinese history. My sketch is indicative; I am aware that a full exploration of such themes would require a separate study. The following section then returns to the “culturalization of the economy”. I aim to show that that a new phase of growth called the “creative economy”, is also political economy.⁴ I introduce four approaches to understanding the impact of creativity on the economy: these are the *welfare*, *competition*, *growth* and *innovation* models.⁵ I show how these models apply to China and how intellectuals and cultural official are interpreting potential rewards in the light of the global financial crisis. Indicators of success include the fact that globally the

³ Undoubtedly the most well known consultant operating in China is John Howkins, author of the *Creative Economy: How People Make Money from Ideas*.

⁴ George Yúdice, *The Expediency of Culture* (Durham and London: Duke University Press), p. 17.

⁵ Jason Potts and Stuart Cunningham, “Four models of the creative industries”, *International Journal of Cultural Policy*, Vol. 14, No. 3 (2008), pp 233–48.

creative economy is growing faster than the “normal economy”.⁶ In the light of such evidence, participating in the creative economy is now a key policy agenda. The key strategy to make China competitive in this brave new world of increasing returns is clustering. I look at some high profile creative clusters. In the final section I aim to draw the threads of the argument together and to offer some theoretical conjectures in regard to future research.

1. Culture, commerce, and creativity

The domains of cultural analysis (anthropology, sociology, and cultural studies) and economics have never really been on good terms. In the main economists have argued that their field of enquiry is marginal to cultural analysis, which is after all, concerned with customs, traditions, identity and values. Economists have described their work as a science, even a worldly philosophy, in part due to an assumption of the utility-oriented rationality of agents conducting market choices.⁷ The doctrine of methodological individualism, central to neo-classical economics, asserts that the overall cultural environment of the marketplace is irrelevant to actors’ preferences. However, there is a growing cross-disciplinary consensus that “culture matters”.⁸ Many critics contend that the worldly philosophers have either failed to account for cultural difference, or have regarded the outputs of media and cultural practitioners as ephemeral, with little impact on economic development.⁹

⁶ Potts and Cunningham, “Four models”.

⁷ For a discussion of the relationship between economics and culture see Eric L. Jones *Cultures Merging: A Historical and Economic Critique of Culture* (Princeton: Princeton University Press 2006); for a more purist account of economic theory see Robert Heilbroner, *Teachings from the Worldly Philosophers* (New York: W.W. Norton and Co. 1997).

⁸ Lawrence E. Harrison, Samuel P. Huntington, (eds.) *Culture Matters: How Values Shape Human Progress* (New York: Basic Books 2000).

⁹ Jason Potts, “Evolutionary economics of creativity”, Special issue of *International Review of Applied Economics* (eds.) Silvia Sacchetti and Roger Sugden, (under review).

In recent times culture has become an industry, not just by its commercialization, but also in the way it is viewed by policy makers.¹⁰ The impetus for this industrial turn came from the UK but quickly spread to East Asia.¹¹ In the late 1990s, the incoming New Labour government determined that unproductive and highly subsidised cultural and artistic activities should be encouraged to be more self-reliant. This would occur by closer association with the world of business. The creative industries idea was born.¹² Evidence was garnered from economists and it was soon revealed that the creative industries were adding value to the broader economy in addition to their role in educating citizens, producing aesthetic works, and providing information and entertainment goods and services. Due to a need to maintain faith with the arts community, creativity was privileged over industry. With the progress of time, however, the idea evolved. Creative industries researchers were becoming less concerned about the final creative output—the painting, the design, and the animation work—and becoming more interested in the knowledge and human capital generated through the interactions of different participants in the creative value chain.¹³

2. Cultural markets, governance and progress

Before I explore the various manifestations of this paradigm shift in China, I want to address some questions of epistemology and historical legacy. While essentially a

¹⁰ The most well known antecedent to this contemporary discourse was the “culture industry”, coined by Theodore Adorno in the 1940s and articulated in *The Culture Industry: Selected Essays on Mass Culture* (London: Routledge 1991). Justin O’Connor provides an eloquent summary of the origins of culture, cultural, and creative industries in *The Cultural and Creative Industries: A Review of the Literature: a Report for Creative Partnerships*. The University of Leeds available online at <http://www.creative-partnerships.com/literaturereviews>

¹¹ L. Kong, C. Gibson, L-M. Khoo, and A-L. Semple, “Knowledges of the creative economy: towards a relational geography of diffusion and adaptation in Asia”, *Asia Pacific Viewpoint* Vol. 47, No. 2 (2006), pp. 173—194.

¹² Advertising, Architecture, Arts and Antique Markets, Crafts, Design, Designer Fashion, Film, Interactive Leisure Software, Music, Television and Radio, Performing Arts, Publishing and Software

¹³ Geoffrey Crossick, “Knowledge transfer without widgets: the challenge of the creative economy”, *Lecture to the Royal Society of the Arts*, Leeds 31 May 2006. Available at <http://www.goldsmiths.ac.uk/warden/creative-economy.pdf>

fashionable idea in China today, creativity is of course ageless. In the Western philosophical tradition the world was created out of nothing. The ancient Greek tradition, which has underpinned the corpus of Western intellectual enquiry, focused on nature and the elements. The result is an interest in “the causes of various phenomena”¹⁴ and “the object *in isolation*”¹⁵ Discontinuity, particularly a distancing from nature, according to Hegel was an effect of Greek philosophy. In turn this produced an understanding of the natural world and led to great scientific progress and invention.¹⁶ The archetype of Western creativity emphasises “breakthrough” and “disruption”. John Howkins, author of *The Creative Economy*, believes these are terms of praise. Moreover, he says, “the social after effects are assumed to be beneficial and are left to the marketplace”.¹⁷ In the main Western scholars have generally agreed that if something is deemed creative it should also be new, interesting and have some value. However, such newness might also be recombination; that is, “novel combinations of old ideas”¹⁸, an idea that takes us closer to the Chinese understanding of creativity and innovation.

In Chinese metaphysics the world pre-existed in a state of flux as the “ten thousand beings” (*wan wu*), which were continuously rearranging and reordering, moving the world towards equilibrium. Rather than making something new, the foundation of the Western romantic tradition, Chinese creativity is about rearrangement according to circumstances, which may be political, social or economic. Such rearrangement, while always new in a certain sense, proceeds in patterns that are essentially recombinant. It is not so much originality that is sought out, but rather creativity that is appropriate to the context.¹⁹ Emanating from the teachings of the master Confucius was the view that creativity is irrelevant: transmission is everything. Maintaining continuity with the past

¹⁴ See Erik Baark “Knowledge and innovation in China: historical legacies and emerging traditions”, *Asia Pacific Business Review*, Vol. 13, No. 3, (2007) p. 344.

¹⁵ Richard E. Nisbett *The Geography of Thought: How Asians and Westerners Think Differently and Why* (New York: Free Press 2003), p. 10 (Italics in original quote)

¹⁶ See Michael Puett *The Ambivalence of Creation: Debates Concerning Innovation and Artifice in Early China* (Stanford: Stanford University Press 2001), p. 11.

¹⁷ John Howkins *Creative Ecologies: Where Thinking is a Proper Job* (Brisbane: University of Queensland Press 2009), p. 114.

¹⁸ Margaret Boden, “What is creativity”, in M. Boden (ed) *Dimensions of Creativity* (Cambridge Mass: The MIT Press 1994) p. 75

¹⁹ Gier Sigurðsson, “Is there such a thing as Asian creativity?” Paper presented at the *Asian Creativity in Technology and Culture Conference*, Trondheim University, Norway, 12–16 November 2008.

was the responsibility of the “superior man”. Confucius, according to Puett, however, may not have been so literal in denying creativity, just expressing his humility in relation to the sages. At any rate, this view of creativity’s ambivalence was challenged by Mozi who said that excessive reverence for the past was dangerous.²⁰ The Mohists’ view was that culture was actively created, fashioned and crafted, but according to “correct standards”.

The belief in a preordained order remained dominant throughout Chinese history. Howkins has observed, “China starts with its belief in harmonious society and allows creativity and innovation only if it can be shown to strengthen society”.²¹ Creativity is therefore pragmatic. The cultural origins of this pragmatism can be seen in the Confucian civil service system. Once a scholar was admitted there was very little value in challenging the status quo, which emphasised above all a structured ordered world. It is important therefore to understand creativity as embedded in social and cultural contexts rather than something autonomous.²² Hence, a key to understanding how creativity has been taken up in China is the use of resources in an efficient way.

Puett contends that original sense of creativity was derived from the character *zuo*, used in the late Shang and Zhou dynasty writings to convey the idea of “creating, making for the first time”.²³ The word was also used to mean “building or constructing”. *Zuo* also has the sense of “causing to arise”. In Chinese understandings of the creative process this implied taking “existing patterns” from nature and distilling these into poetry or painting.

I do not wish to advance a direct or causal connection between traditional and contemporary usages and interpretations. I am conjecturing however that there is a residual sense of making—and putting into order—associated with creativity in Chinese history. In modern Chinese the words *chuangzuo* or *chuangzao* express the action “to create”. Both morphemes *zuo* and *zao* can be translated by “to make, to build”. How this

²⁰ Michael Puett, *The Ambivalence of Creativity*, pp. 51 –56.

²¹ Howkins *Where Thinking is a Proper Job* p. 114

²² Eric Baark, “Knowledge and innovation in China”, p. 352

²³ Michael Puett, *The Ambivalence of Creativity*, p. 222

plays out in the actual creative practice is unclear, although as we shall see in some examples from this paper there is a disconcerting tendency on the part of Chinese researchers to associate creative industries with manufactured and mass produced goods.

One interpretation of this tendency might be that the Western emphasis on intangible ideas is currently an inappropriate “fit” within the current institutional environment. Indeed, it is worth conjecturing if Western notions of “disruption”, “breakthrough” and “creative destruction”—and associated ideas such as freedom of expression—will find champions in debates over the culturalisation of the economy. To date there are few signs. Nevertheless, during the past decade the word *chuangyi*, meaning “to create a new concept of art: to break fresh ground in imaginative art”, has become the dominant term in the Chinese policy lexicon.²⁴ As I will show in the final section, by the time China entered into its 11th Five Year Plan in 2006 *chuangyi* was well established in popular discourse. Undeniably, “making new concepts” evokes a certain tone of libertarianism and this is possibly the silver lining behind the grey cloud of expediency.

3. China’s former soft power

China’s current fascination with creativity and soft power is as much a combination of pragmatism in latching on to ideas already circulating in East Asia as identifying new slogans to further stimulate the growing sense of the nation’s emergence—from backward and technologically deficient to becoming a potential superpower. To understand China’s aspirations in this regard, in the following section I trace the cultural roots of China’s creativity, which Ding refers to “China’s reliable soft power resource”.²⁵

²⁴ The adjectival form *chuangyi* was used to describe creative industries in Hong Kong and Singapore in 2003 and for this reason it gained the ascendancy over translations such as *chuangzao*. See *The New Age Chinese-English Dictionary* (Xinshidai hanying da cidian) (Beijing: The Commercial Press 2000).

²⁵ Ding, Sheng, *The Dragon’s Hidden Wings: How China Rises with its Soft Power* (Lanham: Lexington Books 2008).

The historical foundations of Chinese “cultural creativity”—what I call its *former soft power*—is framed through a series of dialectical relationships.²⁶ These are relationships between *constraint* and *openness*; *land* and *sea*; and *sending* and *receiving*. China lost and regained its creative edge several times throughout history. In spite of the ideal of continuity, it is possible to identify irruptions between periods of administrative standardisation and times of cultural diversity.

Jiang Jun, the editor of the journal *Urban China*, argues that a dialectical relationship between control and openness emerged during the Warring States period (770 BC to 206 BC).²⁷ This formative period of Chinese tradition witnessed intense rivalry among kingdoms and contending schools of thought as scholars were recruited in the interests of diplomatic ascendancy.

The Warring States was a period during which two divergent models of statecraft emerged. The kingdom of Qi, in present day Shandong, offered a development model based on economic competitiveness, which Jiang contends was a primitive form of “gold/finance based capitalism”. Jiang says “Qi attached little importance to *The Rites of the Zhou*, encouraged the liberation of thought and feelings, and took part in actively creating a market”.²⁸ Qi’s proximity to the ocean delivered cross regional trade networks, allowing wealthy capitalists to occupy influential roles in the power structure. A relatively high economic freedom resulted from trade. The sending and receiving of ideas and goods fostered an informal and outward character in the kingdom’s cities. Jiang says

²⁶ The idea of creativity has emerged in Communist Party discourse. In his summary report to the nation’s Seventeenth National Congress on 15 October 2007 Hu Jintao said: “In the present era culture has become a more important source of national cohesion and creativity and a factor of growing significance in the competition for overall national strength ... we must stimulate the cultural creativity of the whole nation and enhance culture as part of the soft power of our country to better guarantee the peoples’ basic human rights and interests, enrich the cultural life in China and inspire the enthusiasm of the people for progress”. See ‘Hold high the great banner of socialism with Chinese characteristics and strive for new victories in building a moderately prosperous society in all respects’, Report to the 17th national Congress of the Communist party of China, October 15, 2007, English version available at http://www.bjreview.co.cn/document/txt/2007-11/20/content_86325.htm Accessed 08-02-09

²⁷ Jun Jiang “Controlled by chaos”, *Ubiquitous China*, special issue *Volume Vol 2* (2006), pp. 20 – 31.

²⁸ Jun Jiang, “Controlled by chaos”, p. 20

of the Warring States period: “the vitality and creativity brought by the market economy to society was also what the rulers needed.”²⁹

By way of comparison, the north-western landbound state of Qin emphasised land-based feudalism and centralisation of power. Despite its reputation as a regime that burnt Confucian books, cultural and intellectual development accelerated with dissemination of works on agriculture, medicine, astronomy and mathematics. In many accounts the first Emperor, Qinshi Huangdi is regarded as a great creator; that is he created a new order.³⁰ However, conformity of political and intellectual outlook resulted, prototyping the centralising model that would later inflict immense cultural damage on China. This was further embedded during the Han (206 BC – 221 CE) when the state instituted the first examination system based on the Confucian classics.

The Tang Dynasty is often associated with openness. The China historian Samuel Adshead says that the Tang was a time of complex pluralism: “Intellectual fruition supplied the semantic field for conceptualisation, the semiotic medium for communication and action, and the syncretic field for legitimation”.³¹ Yet Tang openness did not however lead to the cosmopolitan society later reported by Marco Polo. In the Tang rulers implemented the strict *Lifang* (alley and lane) street unit system. According to Jiang Jun, despite its reputation as an open age informal activities such as markets and “red light areas” were divided into groups and assigned to specific spaces.³² In this way, a strict system of administrative control restricted diffusion of ideas.

In the Song dynasty the Silk Road had lost its appeal to long distance traders. The focus of trade reverted to the maritime route. A more informal model of governance prevailed during the Song, what Jiang Jun has called “governance by doing almost nothing”.³³ Order was maintained by the *baojia* system through which households cooperated to

²⁹ Jun Jiang, “Controlled by chaos”, p. 22

³⁰ Michael Puett, *The Ambivalence of Creativity*, pp. 142 – 176.

³¹ S.A. M. Adshead, *The Tang Dynasty: the Rise of the East in World History* (Basingstoke: McMillan, 2005) p. 30.

³² Jun Jiang “Controlled by chaos”, p. 22

³³ Jun Jiang, “Controlled by chaos”, p. 24

guarantee local security. The emergence of large urban centres in Kaifeng stimulated a need for entertainment and this led to the practice of professional story telling. In the Southern Song storytellers organised guilds to promote their activities and to propagate new scripts. The tales of this era were a further innovation, embracing a full picture of real society rather than pandering to the tastes of elites.

The Yuan dynasty (1280-1368 CE) provides a significant contrast: between a Mongolian nomad culture intent on plunder, and the farming population of the Han Chinese. The mobility of the nomads injected fresh vitality and creativity into China's cultural mix. The maritime economy reached its climax in the Yuan with visitors from Italy and France. The Yuan was a time of artistic growth and openness despite the Mongol rulers' dislike of the Han Chinese, who greatly outnumbered the nomads. The popular novel developed in everyday language, allowing a greater use of satire, a necessary device under the sometimes suspicious regime.³⁴

The Ming and Qing dynasties saw China become a receiving culture. In the Ming a ban on maritime trade was implemented.³⁵ The Qing dynasty saw China retreat further into its own culture, producing great embellishment but little real innovation. China was neither sending nor receiving. While the Qing was a period of economic expansion, from the perspective of creative influence, it was a time of decline. Achievements of the past were treasured, but "imitation, elaboration and decoration ran riot".³⁶ Europe had its Renaissance, its Enlightenment, and was in the midst of an Industrial Revolution but in China the Imperial examination system was failing to produce the talent base necessary for the country to adapt and innovate.

This decline was paralleled by what economist William Baumol calls the rise of "the free market innovation machine".³⁷ This Western "machine" generated an unprecedented

³⁴ W. S. Morton and C.M. Lewis *China: Its History and Culture* (Fourth Edition, New York: McGraw – Hill Inc., 2004) p.123.

³⁵ Jun Jiang "Controlled by chaos ", p. 26

³⁶ Morton and Lewis, *China: Its History and Culture*, p. 145

³⁷ William Baumol, *The Free-market Innovation Machine: Analysing the Growth Miracle of Capitalism*, (Princeton and Oxford: Princeton University Press 2001).

surge of invention, investment, production, and intellectual property assets. The reasons for the West's success were institutional—a mix of personal freedoms, educational reforms, scientific inquiry, trade cartels and private capital. The West added technology, infrastructure and enterprise management during the 19th and 20th centuries. By the end of the 20th century, the world's dominant thinking in research, business and finance was American and European.

4. Commerce and institutions

The story so far has been about the past, how China experienced alternating periods of innovation, intellectual creativity and cultural exchange. In times of intellectual opposition, for instance during the Hundred Schools Period of the Zhou Dynasty and the neo-Confucian revival of the Song Dynasty, the form that creativity took was abstract and philosophical. Argumentative space led to autonomy, which allowed ideas to develop and disseminate among critical networks. In times of administrative governance (periods of the Han, Tang, Ming and Qing), the interests of the social classes that supported intellectuals impacted on the capacity to engage in intellectual creativity.³⁸ However, these were times of pluralism; creativity moved in an aesthetic register, spawning calligraphy, literature and painting—as well as popular entertainment for the masses.³⁹

A comprehensive discussion of Chinese creativity in the modern period would require much greater space than is available here. I will only mention in passing the periods of intellectual ferment following the collapse of the Qing—the New Culture Movement and the May Fourth period. Although confined mostly to the treaty ports, robust debates on politics and art ensued, stimulated by the distribution of newspapers, novels and

³⁸ For an extended discussion see Randall Collins, *The Sociology of Philosophies: a Global Theory of Intellectual Change*, (Cambridge Mass: Harvard University Press, 1998).

³⁹ A discussion of cultural markets throughout Chinese history can be found in Michael Keane *Created in China: the Great New Leap Forward* (London: Routledge, 2007).

journals.⁴⁰ Scholars returned from overseas, adding to the debates on China's political direction. Eventually, sparks of opposition were dimmed by the needs of revolutionary consensus. By the mid-1940s China had set its course to a Marxist-Leninist model of cultural production. Culture was standardised according to the needs of the proletariat.⁴¹ By 1978, China had emerged from its revolutionary era and the Third Plenum of the 11th Central Committee of the Chinese Communist Party duly announced the "liberation of thought" from the shackles of Maoist dogma

Turning to the present we inevitably come up against institutional legacies from the past. For instance, when commentators refer to the West's competitive advantage, they often cite its intellectual property regimes and a university system that rewards critical enquiry. The former is without doubt a grey area in China's innovation system. The proclivity to build on another's innovation as a means to market success is in direct contrast to a Western model that privileges research and development and rewards core creativity. Moreover, China's education system, from primary through to tertiary, has long predisposed students to memorisation and technical excellence. While these technical skills lifted the Chinese economy to its commanding heights during the past decade, by mid-December 2008 the economic data sheets were beginning to tell a different story. Exports had fallen 2.2 percent, the biggest drop in seven years. An economist working with the *China Economic Business Monitor* expressed the view that the Chinese economy was going down "at the speed of diving".⁴²

Significantly, it was a report from the Development Research Centre of the State Council in December 2008 that suggested the long-term remedy.⁴³ The report acknowledged that the nation needed to adjust its product structure; in doing this, it needed to encourage

⁴⁰ For an excellent study see Leo Ou-fan Lee and Andrew Nathan, 'The beginnings of mass culture: journalism and fiction in the late Ch'ing and beyond', in D. Johnson, A. Nathan & E. Rawski (eds.), *Popular Culture in Late Imperial China* (Berkeley: University of California Press 1985).

⁴¹ See David Holm, *Art and Ideology in Revolutionary China*, (Oxford: Clarendon Press, 1991); Merle Goldman *Literary Dissent in Communist China*, (Cambridge MA: Harvard University Press, 1967).

⁴² Ying Diao "Exports, FDI plunge amid global slowdown", *China Daily Business*, Dec. 11, 2008, p. 13.

⁴³ Ying Diao "Recession winds chill exporters", *China Daily*, Dec 9, 2008, p. 13.

enterprises to make more high-value added products rather than continue to rely on cheap labour reserves, low-cost production and the fabrication of intermediate components for international companies.⁴⁴

Adjustment of product structure, however, is not so easily achieved. There are significant path dependencies to overcome. Adjustment can be easily managed in some economic spheres. However, others remain resistant to change. One of the key goals of the communist revolutionaries in the 20th century was the abolition of private ownership and the means of production. Communist economist rationalized that capitalism was inefficient; that is too many capitalists cooks got in the way of each other. The fact that capitalists didn't know their competitors meant that they produced the same kinds of things. Such waste would be eliminated if markets were coordinated by rational planning; hence the formation of state-owned enterprises.

In the cultural sphere, the logic was not about market efficiencies. Cultural markets didn't exist until the 1980s, and only really developed in the mid-1990s. Prior to this, cultural production was about spreading and maintaining the faith in socialism. To ensure this happened according to the socialist script, cultural and media activities were tightly administered. However, as the socialist project lost support in the wake of Deng Xiaoping's economic reforms, and as the cultural and creative industries idea emerged to prominence in the first decade of the new millennium, many cultural officials began to shift their focus towards assisting the market to be more efficient.

How do cultural officials deal with economic challenges over and above the requirements of monitoring standards? How do they envisage change in a field that is so conservative? Economists have shown that business organizations and practices, as well as policies and institutions that facilitate progress in different eras, are not the same. Eric Beinhocker makes a distinction between "physical" and "social technologies". He says physical technologies are "methods and designs for transforming matter, energy, and information

⁴⁴ Robert Baldwin "Globalisation: the great unbundling(s)", Economic Council of Finland, 2006, available at www.tinyurl.com/2ol2n8.; Peter Dicken *Global Shift: Reshaping the Global Economic Map in the 21st Century* (Fourth Edition. London: Sage, 2003).

from one state into another in pursuit of a goal of goals”⁴⁵. Obviously, China has performed very well over the past two decades in harnessing its physical technologies—its use of machines, factories and transport networks. On the other hand “social technologies are methods and designs for organising people in pursuit of a goal or goals”.⁴⁶ Beinhocker notes that these social technologies are “close cousins” of institutions, a term often employed by economists. Institutions include norms and practices endemic to the system, such as a propensity to cooperate rather than compete, to imitate rather than innovate, and to favour personal preservation over risk.

In these times of change, the new discourse of creativity has been championed by city government officials and entrepreneurs; it has been used by reformers to critique hierarchical management practices in some industry sectors, and it has been promoted as a magical ingredient to stimulate the production and dissemination of ideas.⁴⁷ Chinese cultural officials have cited creativity as the missing dimension in Mainland China’s media content industries, which are forced to compete with imported Korean, Taiwanese and Hong Kong programs.⁴⁸ Even though China has adopted industrial models in its media reforms over the past two decades, these have failed to achieve results in terms of cultural exports. With a more global outlook for China’s culture emerging, a number of high profile research centres have opened in the past two years charged with identifying the policy environment for cultural commerce and seeking to “map” the creative landscape.⁴⁹

⁴⁵ The term “social technologies” was first used by the evolutionary economist Richard Nelson. See Eric D. Beinhocker, *The Origin of Wealth: Evolution, Complexity and the radical Remaking of Economics* (London: Random House Business Press 2007), p. 244.

⁴⁶ Eric Beinhocker, *The Origins of Wealth*, pp. 262—3.

⁴⁷ Seminal publications in the field have included Jeremy Rifkin, *The Age of Access: How the Shift from Ownership to Access is Transforming Work* (London: Penguin, 2000); Richard Caves, *Creative Industries*; John Howkins, *The Creative Economy: How People Make Money from Ideas* (London: The Penguin Group, 2001); Richard Florida, (2002) *The Rise of the Creative Class and how It’s Transforming Work, Leisure, Community and Everyday Life* (New York: Basic Books, 2002); Charles Landry *The Creative City: a Toolkit for Urban Innovators* (London: Earthscan Publications, 2000).

⁴⁸ The Deputy Director of the Ministry of Culture’s marketing department, Zhang Xinjian referring to China’s cultural trade deficit, *The China Daily* 19 April 2005. See Michael Keane, *Created in China*.

⁴⁹ In 2007 the Communication University of China opened a Cultural and Creative Industries Research centre (in 2008, this was changed to The Cultural Industries Research Academy); the Beijing Academy of Science and Technology has a Creative Industries Research Unit and published the *China Creative Industries Blue Book*; the Shanghai Academy of Social Sciences publishes a journal called *Creative Industries*.

Despite the current fervour about creativity in some circles, however, a suspicion persists among many influential Communist Party intellectuals that this might in effect be a Trojan Horse. In contrast to the people-oriented time honoured and collective notion of “culture”, which reaches deep into the spiritual wealth of China’s history, creativity is Western construct. Countering this, advocates of the creative zeitgeist regard culture as elitist and undemocratic, as opposed to the democratic and internationalising potential of creativity.

5. Commerce meets culture

The “creative industries” came to China in late 2004 with a mysterious and powerful invocation: “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property”.⁵⁰ Policy makers were quickly attracted by the idea of new models of industrial transformation and the attraction of higher value new media and design professionals to creative hotspots.

The serviceability of creativity prevailed over the conservatism of Ministry of Culture officials, at least in the minds of many practitioners and entrepreneurs. Creativity was something that China needed to invest in to catch up—with South Korea, Japan and the West. Moreover, the appeal of this idea was that it came in a ready-made international format. As opposed to the dank smell of museums, cheap souvenirs and the cultural relics of traditional culture, the creative industries included incubators, lofts, digital content studios, and most of all, intellectual property. The creative industries also came with new ideas—about wealth creation and increasing returns.⁵¹ This was more expedient than the

⁵⁰ DCMS Department of Culture, Media and Sport *Creative Industries Mapping Document* (London: DCMS 2001) p. 4

⁵¹ Paul Krugman, “Increasing returns and economic geography” *Journal of Political Economy*, Vol. 99, No. 3 (1991).

Marxist stages-of-development approach. If there was a way to catch up with the developed economies, this was it.⁵²

The question now was: how would the idea translate? What critical registers would it occupy? And what kind of material expressions of the creative industries would emerge? From 2005 to 2007, the creative industries paradigm was embraced without a great deal of critical scrutiny. As a mechanism for stimulating profit in a field rendered uncompetitive due to state management, lack of human capital and market irregularities, the concept was seductive. To understand how state managed cultural field accommodated this paradigm, however, it is necessary to briefly mention four approaches to interpreting the creative industries.⁵³

The first approach, the “welfare model”, applies more to publicly supported culture than commercial enterprise; in other words to “cultural industries”. Since the mid-1990s, the “cultural industries” (*wenhua chanye*) had become a way to think about developing cultural trade and about reclaiming China’s cultural influence. The cultural industries concept was ratified at the Fourth session of the Ninth People’s Congress in March 2001. Academics had subsequently lined up to offer ideas about how Chinese culture could exploit its cultural legacy. The idea of cultural industries was associated with the concept of “soft power”. This was the ultimate intellectual synthesis, the result of a long series of Chinese Propaganda Department and Central Committee working groups. Leading party intellectuals had surveyed numerous reports from municipalities and provinces, concluding that “soft power” resonated with Chinese tradition and values.⁵⁴ This was also vindication of a long process of clarification as to where the cultural market should meet the state.

In this first model, cultural activities have a net negative impact on the economy. They produce cultural commodities that enhance the overall *welfare* of the population. From an

⁵² George Yúdice *The Expediency of Culture*

⁵³ Jason Potts and Stuart Cunningham, “Four Models of the creative industries”.

⁵⁴ Weihong Zhang, “China’s Cultural Future: From Soft Power to Comprehensive National Power”, *International Journal of Cultural Policy*, forthcoming.

economic perspective these benefits comes at the cost of aggregate economic growth. Their growth is not what the market wants: they are artificially supported by transfers from the rest of the economy. The second model, the *competition* model, argues that creative industries are not special: in effect, they are in fact just entertainment or leisure industries. The typical players are commercial media companies: the services they provide are movies, magazines, newspapers, video games etc. Their products vary in price and rational consumers make decisions; in other words, they are just another member of the industrial community.

The third model takes the argument in a different direction and proposes a positive economic relation between *growth* in the creative industries and growth in the aggregate economy. The point here is that creative industries introduce novel ideas into the economy. These ideas spread to other sectors (*e.g.* new designs). In turn the creative industries facilitate the adoption and retention of new ideas or technologies in other sectors (*e.g.* through ICT). A fourth model flows from this, an emergent dimension now figuring heavily in international take up of the creative industries paradigm. In this view the creative industries are elements of the *innovation system* of the whole economy. This is a subtle but important distinction. The real economic value of the creative industries is not in terms of their contribution to economic value, but it is due to their contribution to the coordination” of new ideas or technologies, and thus the process of change.

The way these models “fit” within the Chinese landscape will become more apparent in the final section of the paper. However, it is worth pointing out at this stage that the welfare model holds sway in many domains of cultural activity. However, it is a welfare model that is simultaneously looking to levy increasing costs to consumers—people who visit museums, cultural parks and scenic sites. My concern in the following section is to show how this cultural industry approach differs from the creative industries idea in developed economies where they are increasingly viewed as knowledge-based sectors that facilitate knowledge transfer across various elements of the value chain, with flow on effects into other areas of the economy.

The synthesis of culture and economics in China has portended a shift in the ideological weighting normally associated with the field of cultural representations. However, it has not opened the door to public discussions of the role of censorship in media industries. Conferences and symposiums have been organised around topics such as investment, venture capital, innovation, and human capital. On the level of policy rhetoric, the concept of “harmonious development” has come together seamlessly with the creative economy.

6. Accounting for creativity

Meanwhile a longitudinal study of cultural flows by UNESCO⁵⁵, publicised by UNCTAD in the *Creative Economy Report*, found that China ranked third to UK and US as a cultural exporter. The United Nations was soon regaled as a friend of China’s cultural planners, notwithstanding the much published problems of data in the UNCTAD report.⁵⁶

The arrival of the *Creative Economy Report* was fortuitous for many Chinese intellectuals and researchers who had championed the creative industries. However, the understandings of creativity that eventually transpired in the course of the implementation of creative industries policy would be at odds with the Western model. In the end the question of what constituted creativity was far less important than proving that this was in fact the important new growth sector claimed in the report. But creativity’s intangibility led to a sense of desperation: how could it be counted?

⁵⁵ UNESCO *International Flows of Selected Cultural Goods and Services, 1994 – 2003* (Montreal, Quebec: UNESCO Institute for Statistics 2005); see also UNCTAD (United Nations Culture Trade and Development) *Creative Economy Report* (Berne: UNESCO 2008).

⁵⁶ The UNCTAD report has come in for much criticism for its lack of attention to trade in services and its willingness to include manufacturing of cassettes and TV sets as creative goods. In effect, UNCTAD has erred on the side of inclusiveness due to a need to give developing countries a presence in the report (Author discussion with publisher). A more problematic misunderstanding of creative industries comes from Richard Maxwell and Toby Miller who contend that the dumping of plasma TV screens in China is an indictment of “creationists”, referring to the advocates of the creative economy. See Richard Maxwell and Toby Miller ‘Creative Industries or Wasteful Ones?’ *URBAN China Creative China: counter-mapping the Creative Industries* Edited by Ned Rossiter, Bert de Muynck and Mónica Carriço, no 33, Dec. 2008

Somewhat ironically, this accounting problem was brought about by lax intellectual property rights management and outdated industry classification systems.

By the end of 2007 it had become clearer how the industrial value proposition would be determined. The creative economy in China would be tangible assets, at least until the problems of measuring the media and new media sectors were solved. The most visible expressions were “industry development reports” which purported to identify the scope and account for the value of various sectors. The proclivity to name and measure extended to so-called “creativity indexes”, and comparative rankings of provinces and cities. This kind of analysis, which is often highly problematic due to the lack of robust data classifications, follows the lead of Richard Florida’s “creative class indexes”.⁵⁷

In the UK the creative industries task force had identified 13 sectors ranging from advertising to entertainment leisure software, but notably omitting heritage. In Beijing the hybrid term “cultural creative industry” (CCI) was adopted.⁵⁸ According to this model the CCI comprised 9 main sectors, 27 sub-sectors and 88 smaller sectors. The nine sectors were broadcasting, TV & film, cultural activities & performing arts, media & publishing, software, internet & IT services, advertising and exhibition, arts & crafts market, design service, tourism, leisure entertainment associated services.

The inclusion of tourism and associated leisure services is understandable if we are talking about cultural industries. China’s economy is substantially fuelled by visitors to thousands of scenic parks and cultural heritage sites. It is hard, however, to reconcile tourism with creativity. While it may be argued that theme parks such as Shenzhen’s Window of the World have added a layer of creative interest to attract visitors, in the main the business model is about gate receipts, merchandising and mass produced

⁵⁷ Richard Florida, *The Rise of the Creative Class*.

⁵⁸ The cultural industries main academic spokespersons are Xiong Chengyu from Tsinghua University (National Cultural Industries Research Centre), Ye Lang from Peking University (National Cultural Industries Research and development Centre), Zhang Xiaoming from the Chinese Academy of Social Sciences Humanities Research Institute (editor of the Blue Book of China’s Cultural Industries), and Hu Huilin (from Shanghai Jiaotong University Cultural Industries Research and Development Centre), while Fan Zhou from the Communication University of China (The CUC Cultural Industries Research Academy), and Jin Yuanpu (Renmin University) address the cultural creative industries.

souvenirs. Even more problematically, the data for tourism is derived from national statistics and shows no differentiation among cultural tourism, recreational tourism and national holiday tourism. Moreover, the inclusion of tourism boosts the Beijing's CCI quotient to over 10 percent of GDP.⁵⁹ The inclusion of tourism is significant when we consider Beijing is in constant place competition with Shanghai.

This mainstream CCI model is paralleled by a creative industry research centre based at the Beijing Academy of Science and Technology (BAST). In publishing the *China Creative Industries Development Report* this group dispenses with the adjective "cultural".⁶⁰ It offers a more assorted and occasionally contentious selection of creative sectors⁶¹. Tourism services are also included, as are museums, cultural relic sights and even satellite technology and telecommunications equipment. The group's Development Report likewise has a fairly catholic embrace of what constitutes creative labour, including hair-dressing and marriage ceremonies. In effect, this is about the democratising of creativity; but if hairdressers can be included, we would have to question how their activities can be accurately measured?

Further south in Shanghai the academic leadership came from Li Wuwei, now the Vice-chairman of the Chinese Peoples' Political Consultative Conference. Li is the Director of the Shanghai Creative Industries Association. The "Shanghai school", based in the Shanghai Academy of Social Sciences (SASS), maintains intersections and overlaps between creative and cultural industries.⁶² In this version tourism, restaurant, bar, entertainment, training, industrial R&D and design, logistics, marketing are "associated industries".⁶³ In addition, the framework lists "spin-off industries", including the production and merchandizing of tourism artefacts, souvenirs, toys, and garments. The Shanghai school is keen to note the importance of the intangible economy, the key role of

⁵⁹ In 2006 Beijing's cultural GDP was 10.2. See Michael Keane, *Created in China*.

⁶⁰ Jingcheng Zhang et al, *The China Creative Industries Development Report* (Zhongguo chuangyi chanye fazhan baogao) (Beijing: China Economic Publishing 2007).

⁶¹ Film & TV culture, telecommunication and software, craft and fashion, design services, exhibition, performance & publication, consultation & planning, recreation & entertainment, and scientific research & education

⁶² Wuwei Li, *Creativity is Changing China* (*Chuangyigaibian Zhongguo*), (Beijing: Xinhua Press, 2008).

⁶³ Wuwei Li *Creativity is Changing China*.

intellectual property, and the role of the core creative industries in adding value to activities such as manufacturing and tourism.⁶⁴ This is not altogether surprising. Shanghai has a higher proportion of joint venture business than Beijing in sectors such as advertising, design and media. Such international connections contribute to a greater appreciation and understanding of intellectual rights transactions.

7. The clustering of culture

Aside from attempting to categorize and aggregate the value of sectors, the most visible manifestation is the construction of hundreds of clusters. The theory of clustering derives from industrial economics and has been promoted as a regional economic strategy by Harvard business scholar Michael Porter.⁶⁵ Cluster theory's application to the cultural sphere is a recent turn, inspired to some extent by the annual Creative Clusters Conference in the UK, an international event that draws together policy makers and entrepreneurs in the arts and creative industries. Clustering itself is endemic to the arts, literary and intellectual worlds, if one considers the historical centres of production: the Parisian fashion scene, New York's Soho and Greenwich Village, London's West End, and the Viennese intellectual circles of the 19th century.

In December 2006, the Beijing government announced an initial wave of ten “cultural creative clusters”.⁶⁶ By mid-2008, the number of projects in Beijing claiming — or at least aspiring — to be clusters, zones and cultural creative parks had risen exponentially.

⁶⁴ The Shanghai School nominates 5 main sectors, 38 sub-sectors and 55 smaller sectors. The five main sectors are R&D Design, architectural design, culture & media, consulting & creative planning, and lifestyle & leisure.

⁶⁵ Michael Porter, “Clusters and the New Economics of Competition”, *Harvard Business Review* (Nov/Dec: 1998), pp. 77—90.

⁶⁶ These included the resolutely uncreative Panjiayuan “flea market” (a market for antiques and replica antiques), the 798 art district at Dashanzi, the Zhongguancun Creative Industries Pioneer Base, the Zhongguancun Software Park, the Songzhuang Original Art and Cartoon Industry Cluster Area, the Huairou Film and TV Base, the China New Media Development Zone, the Beijing Design Resource Cooperation Centre, and the Beijing Cyber-recreation District in Shijingshan. See <http://www.bjci.gov.cn/607/2008/04/23/41@10070.htm>

These included theme parks, folk-custom streets, a cyber-recreation district (CRD) a fashion business district (FBD), Olympic Games constructions and sports culture centres. One European architecture critic expressed the view that “cut and paste creativity” was becoming a serious problem in Beijing.⁶⁷ By the end of 2008, the Beijing City Government was attempting to hose down the proclivity to name buildings, parks and areas as “creative”, mandating that Beijing would have a limit of thirty cultural creative clusters. By this time, twenty-three were officially registered.

The cluster outbreak not only found expression in the large cities but also in medium and smaller cities. The most favoured format has been the reconverted factory. Generally retaining the original name, but frequently retitled as some kind of creative space, these post-industrial areas are fitted out with lofts, studios and exhibition spaces; they are frequented by the Chinese equivalent of bohemians, as well as international artists and designers; moreover, they have quickly identified their key market as tourists. Restaurants, bookshops and coffee shops are almost mandatory. Most spaces retain an artistic sensibility, often with a layered avant-garde feel. Works on display include design, photography, painting, calligraphy, jewellery, antiques and artefacts, media, advertising, digital content—in the main reflecting the UK creative industries bible. In Beijing, the most well-known is the 798 Space, a reconverted switching factory in the area in Chaoyang District known as Dashanzi. In actual fact, the 798 precinct is a combination of several factories.⁶⁸ Not far away from 798 is Caochangdi, an “art space” which has attracted migrants from 798 who are disillusioned by what they see as excessive commercialization.

⁶⁷ Bert de Muynck, “Cutting and pasting China”, <http://movingcities.org/bertdemuynck/cccp/>

⁶⁸ 798 is situated within a larger industrial cluster initially called Joint Factory 718 between ring roads 4 and 5 on Beijing’s central north-east, occupying a total land area of 290,000 square metres, 225,000 square metres of which are occupied by buildings. The area originally contained multiple factories designed in the Bauhaus style by East German architects in 1952, occupying 93, 000 square metres of the whole factory complex. In 1964, the 718 Joint Factory was disbanded and six sub-factories (700, 706, 707, 718, 797, and 798) took on their own lives. In 2001, the factories joined together under the name Seven Star China Electronic Group (*qixing huadian jituan*).

In Shanghai, the reconversion process is well advanced. Over seventy creative clusters, most reconverted industrial sites, claim to be leading the post-industrial renaissance.⁶⁹ The 1933 Old Mill Factory is a reconverted abattoir which also houses the administration of the Shanghai Creative Industries Centre (SCIC). There is a certain irony in the 1933 publicity material: “The experience 1933 offers is a higher awareness of the fullness of life”—from cutting-edge slaughter house to cutting-edge creativity. It goes on:

1933 is committed to bringing together a like-minded collection of artists, educators, business and more, to create a crucible of creativity and innovation.

In Tianjin the No 6 warehouse (*liu hao yuan*) advertises itself as focal point for art production, trade and exhibition, tourism, restaurants and recreation. The site is managed by a real estate company, the Tianjin Yishang Group. The Hualun Creative Factory (*Hualun chuangyi gongchang*), formerly a bicycle production factory, offers industrial, architectural, fashion, arts and crafts, and landscape design, as well as consultancy and media production. In the northeast, Dalian is positioning itself as the new Bangalore of East Asia with a strong focus on software outsourcing and animation. The No 15 Warehouse Creative Industries Precinct is currently under construction and it will feature design, exhibition, consultancy, legal services, recreation, and retail. The Xinghai Creative Island (*Xinghai chuangyi dao*), a reconverted factory in the Shahekou district opened for business in 2008 and promotes itself as Dalian’s 798. Inside this reconverted factory situated next to a “thinker’s park” (*sixiang gongyuan*), walls are emblazoned with the UK definition of creative industries in English and Chinese, listing the various sectors. The chosen few — the space is relatively small compared with the expanse of 798 — occupy pristine new workspaces. Offerings include producing oil painting, graphic design, media content, animation, porcelain and reproductions of traditional artefacts from the Shang dynasty. As well, there is even a business space specialising in nude photography.

⁶⁹ Other reconverted centres in Shanghai include Tianzifang (formerly the Shanghai Food Industry Machinery Factory and the Shanghai Clock Plastics Fitting Factory); the No. 8 Bridge (*ba hao qiao*) (formerly the Shanghai Automobile Brake Company); M50 (Shanghai No. 22 Cotton Mill and No. 20 Wool Mill), Zhuowei 700 (formerly the Shanghai Knit Sock Factory). Hangzhou is represented in this format by Loft 49 and the A8 Art Commune (*A8 yishu gongshe*) while nearby Nanjing has Nanjing 1912 and the Creative East No. 8 District (*Chuangyi dong 8 qu*). In Chongqing, the Tank Loft is a reconverted munitions factory once used by Chiang Kai-shek (*Jiang Jieshi*)

Not to be outdone, nearby Qingdao in Shandong Province offers the aptly termed Creative 100 precinct (Chuangyi 100).

Larger scale projects have emerged spontaneously. In Shenzhen's Longgang District a visual arts village has attracted much criticism. The Dafen Oil Painting Village established spontaneously after a Hong Kong businessman arrived there several years ago and rented a house to undertake the processing, purchasing and exporting of oil painting. He brought with him 20 oil painting workers. Now there are reported to be more than 8,000 so-called artists operating in often makeshift premises. These artists are not graduates of China's art schools but are people who have had on-the-job training in copying existing artworks for quick sale in international art marts. In 2004, the Ministry of Culture declared that Dafen was a cultural creative industries model base. It is not all good news however. From an impoverished farming district a dozen years ago, Dafen is now suffering the effects of rapid urban development, sweatshop production concerns, and rising rents as more migrant labourers move to the area to engage in the art copying "industry".

Outside Beijing the Songzhuang Artists Village is home to thousands of "legitimate" visual artists. Songzhuang is the node of a number of small art villages: Xiaobaocun, Daxingzhuang, Xindian, and Xiaoyangzhuang. The open and natural environment of the district has attracted many younger artists. The infusion of artists into the community has in turn created a new aesthetic immediately apparent in the design of shop fronts. In other words, the artists have provided a make over for this former industrial area. The local government have thrown their weight behind the value-adding capability of the artistic community, establishing and supporting the Songzhuang Artists' Promotion Society, together with an annual Songzhuang Arts Festival in the hope that this creative development model will attract more tourists to the area. While this is again a success

story, there have been worrying signs about the influence of art brokers manipulating the sale prices of artists, as well as increasing rents.⁷⁰

A further stage of creative industries development is the construction of media content clusters within existing industrial zones throughout China, notably in the field of animation and mostly concentrating on outsourcing. Within this vision, animation and related digital content are key targets. Since 2005, China has established 17 accredited animation bases. The question of why 17 national animation bases are needed would seem to be a valid one for an outside observer. However, in China the conferral of national status is much sought after. The main centres, often situated within an existing industrial area, are in Shanghai, Beijing, Hangzhou, Suzhou, Shenzhen, Dalian, Suzhou, Changzhou and Wuxi. Local governments offer a range of industry sweeteners, such as preferential policies enabling start-up firms to enjoy tax holidays and to obtain housing and educational services for employees and their children, as well as financial incentives if content is successful. In the main, this entails content being purchased by CCTV.

The problem with the industrial park model is location. Often located outside the CBD in the fringe industrial zones, the centres are not able to tap into the dynamism of the very consumers they are targeting. Much of the activity in the industrial parks is routine fee-for-service work. In this model, generally, the transfer of knowledge from international companies is limited. Foreign studios outsourcing in such locations continue to resist handing over control of creative work (e.g. conceptualization and pre-production). However, some companies with stronger international connection maintain that co-productions and fee for services work with internationals allow local companies to learn the ropes. According to the CEO of Sandman Animation in Suzhou Industrial Park, “From a development point of view the animation industry in China is very young. In the beginning, companies do service and production work as a start while learning through

⁷⁰Michael Ulfstjerne, “Constraining Creations -Originality and Imitation in Contemporary Chinese Art”, Paper presented at the *Asian Creativity in Technology and Culture Conference*, Trondheim University, Norway, 12–16 November 2008.

cooperation; then they gradually seek to shift the focus to creativity.”⁷¹ Indeed, this raises the question of how businesses in such clusters operate. Currently most employees in animation companies say they are “learning-by-doing”; in other words, learning on the job. As yet there are few signs that businesses are sharing knowledge and “learning-by-interacting.”⁷²

On a larger industrial scale, stand-alone cinema and television production bases service the domestic audio-visual market, engaging in co-productions, and outsourcing production work from Taiwan, Korea and the United States. To compensate for the cyclical nature of audio-visual production, these centres offer a theme park function that cashes in on the success of cinematic and TV drama output. In the north of Beijing, the Huairou Film production centre has established itself in recent years in competition with more established film studios. The largest film base, however, is Hengdian World Studios in Zhejiang Province, where tourists can see a re-enactment from the movie *The Opium War* and be offered a tour of the set of *Hero* (Zhang Yimou) and *The Emperor and the Assassin* (Chen Kaige). The land-locked nature of Hengdian puts it at a disadvantage to the large urban centres of Shanghai and Beijing. To offset this, Hengdian absorbs a great deal of low-cost television drama production, particularly dynastical costume dramas.

Yet another model is the incubator model, often with a purported emphasis on R&D, and often with the declared intention of making science and technology parks more “creative”. The proximity of many such parks — also called innovation parks — to prestigious universities and development zones reflects a national desire to incubate something above and beyond standard products. The problem with this vision is many existing S&T parks are hardly innovative. Critics like Wang Jici⁷³ contend that industrial parks are regarded

⁷¹ Nelson Chu, Sandman Animation, Suzhou Animation Park, Suzhou, interview with author, 23 October 2008.

⁷² Preliminary research on four companies and a sample of eighty-eight employees in Suzhou Animation Park by the author; for “learning by interacting” see Bengt-Åke Lundvall, Björn Johnson, Esben S. Andersen, and Bent Dalum, “National systems of production, innovation and competence-building”, in Karen R. Polenske (ed.), *The Economic Geography of Innovation* (Cambridge: Cambridge University Press 2007) p. 219.

⁷³ Jici Wang, “Industrial clusters in China: the low road versus the high road in cluster development”, in A. Scott and G. Garofoli (eds.), *Development on the ground: clusters, networks and regions in emerging economies*. (London: Routledge, 2007) pp. 145-64.

by government as infrastructural, a means to attract enterprises from outside. In contrast, the industrial cluster, or the creative cluster, model is about enabling a learning economy within. Proclaimed “creative incubators” are now to be found in Chongqing (the Ideas Industry Centre), Tianjin (the Heping District Creative Animation Park; the Taida Science and Technology Park), Dalian (the Creative Incubator Garden), Hangzhou (The Hangzhou Innovation and Creative Industry New Base), Beijing’s Zhongguancun Creative Industries Pioneer Base and Shanghai’s Zhangjiang Hi-tech Zone in Pudong.

In Shanghai’s Yangpu District, the Chuangyi tiandi or KIC (Knowledge Innovation Community) is a hybrid of incubator and “talent park”. The 84 hectare project, which is driven by the Hong Kong based developer Shuion Land, incorporates a 3,300 square metres Talent Plaza. The KIC promotes itself as a place where people live, work, and play.

At KIC, individuals can come together in groups to collaborate and foster creativity through formally scheduled programs; for example meetings can be held in conference centres, exhibition halls, clubs or restaurants. Or informal chance interactions can occur in public and civic spaces such as sidewalks, elevators and transit stations.⁷⁴

These kinds of developments symbolize the high value end of the spectrum. Foreign investment and human capital are the key ingredients. Drawing directly on Richard Florida’s “creative class”, the KIC promises a place where you will find technology, talent and tolerance. International technology companies such as Oracle and SmithStreet Solutions have already located in the park. The KIC offers a slick promotional video campaign that links its creative aspirations to Silicon Valley and the Left Bank.⁷⁵

In addition to such developments, the construction of architectural showpieces represents another side of the creative *zeitgeist*. In Inner Mongolia the “Ordos 100 Project”

⁷⁴ KIC Promotional Brochure

⁷⁵ <http://www.shuionland.com/sol/tabid/145/Default.aspx>

illustrates the dizzy heights to which China's creative ambitions have now ascended in the post-Olympics period. A hundred international architects from 27 different countries have been commissioned to each design a 1000 square metre villa within the Ordos Cultural Creativity Industry Park. As architecture writer Bert de Muynck notes,

Ordos100 is branded and legitimated by the involvement of "100 International Architects" (note that they aren't called "Foreign Architects"), positioning this project as an import-export experiment at the centre of the debate on the creative industries. It is a project that imports, exports, adapts, and experiments with our understanding of exchange and development in the field of architecture, labour, culture, media and urbanism.⁷⁶

"Curated" by the high profile artist and architect Ai Weiwei and bankrolled by the Chinese tycoon Cai Jiang who made his fortune in milk and coal, the Ordos Project is somewhere between the creatively sublime and the ridiculously banal. Nevertheless, the act of bringing together a hundred different ideas, a hundred different designers, is without doubt a demonstration of how far creative entrepreneurs are now prepared to go, provided they have the backing of local officials.

7. Conclusion: theoretical musings

The broad aim of this paper has been to draw attention to changes in the management of the cultural field in present day China. Culture's repositioning within a more "creative field" sets out new agendas for research. Accordingly I want to conclude by drawing together some of the threads of my argument.

First, it is important to acknowledge that the idea of creative industries is now widely adopted in China as a policy mechanism for stimulating regional and national

⁷⁶ Bert de Muynck "Architecture on the move: Urban and architectural design in Inner Mongolia", *Continuum Special issue on Cultural Adaptation* edited by Albert Moran and Michael Keane (2009 no. 38 in press).

development. In embracing both “soft power” and “cultural creativity” the Chinese government’s Eleventh Five Year Plan has publicly endorsed this direction. Accordingly, planners and officials have rushed to follow the new script, often inspired by international scholar-consultants. Within this development paradigm, moreover, a belief exists that some nations have managed to extract greater economic benefits from creativity while other regions, nations, cities, and districts must catch up. The question arises: is imitating international creative industries models, or even successful domestic cases, the best practice, or do the answers lie in the reform of institutions, what I have referred to as “soft technologies”?

In my truncated discussion of China’s *former soft power* I endeavoured to show how Chinese understandings of creativity have been tied to the idea of replicating and recombining rather than the idea of discovery. This is both a strength and weakness of the Chinese innovation system. From one perspective recombinant creativity may be regarded as a weaker form of creativity. As Eric Baake has pointed out, in the realm of technological innovation China has a legacy of exploitation rather than exploration. Mark Elvin has associated this with “the propensity to be overly practical and to divorce the process of innovation from pursuit of imagination, scientific curiosity and experimentation”.⁷⁷ Should China therefore seek to be more like the West, to focus on being more imaginative, and to give greater respect to novelty and originality? In this respect, I believe more work needs to be done in analysing the relationship between economics, creativity and innovation. In particular, as the West moves to open innovation processes such as “creative commons”, the association of innovation systems with recombinant knowledge, reuse of ideas and their useful application may well broker a better understanding of the creative process.

Second, the rearranging of cultural production within creative clusters disrupts the conventional approach of seeing Chinese media and cultural activities as excessively ideological, conformist, and subject to monitoring by a central propaganda system. The

⁷⁷ This observation was made by Mark Elvin ‘Skills and resources in late traditional China’, in D. H Perkins (ed.) *China’s Modern Economy in Historical Perspective* pp. 85 – 113 (Stanford CA: Stanford University Press). See Baark p. 349

capacity of regions, cities and districts to form their own cultural creative zones undermines the top-down model. But as mentioned above, this is following a central development script. Regions are actively seeking to make capital out of culture. Previous to the current period, Bourdieu's notion of the cultural field had applicability to Chinese cultural production. Players (artists, producers) were structured within well defined hierarchies of power and closely monitored by propaganda officials. In today's cluster-led cultural renaissance players are still structured, maybe even corralled in geographical areas. However, the networks of influence have been populated by investors and entrepreneurs and therefore it may be more appropriate to reframe this repositioning as a "creative field".⁷⁸ In many of these cases a high degree of interaction and autonomy prevails, including opportunities to work with and learn from international businesses.

Finally, the restructuring of cultural and creative space, and the bringing together of cultural and media sectors under the umbrella term creative industries (or cultural industries) has implications for the research field. This grouping is more than just expediency. It is an international trend that aligns commerce, culture and creativity. Moreover, it demonstrates the synergies that exist within cultural and creative occupations, for instance among writers, animators, and technical workers. In some cases creativity in such clusters is compromised as a result of official management. Perhaps more significantly, the economic bottom line dictates the scope and nature of activities that are undertaken. Some places provide outlets for rock music, hip hop and digital art festivals. These activities certainly represent a new kind of tolerance. In addition, the expansion of venues has contributed to the exchange of ideas between local and international artists. For many, being able to locate in art district or creative cluster brings them closer to the ideal consumer, often the international tourist or collector. However, the key problem with this new interventionist model is that officials are prone to risk aversion, and emanating from this they are inclined to support projects that will further their careers. Creative clusters require "creative space". This can be workshops and

⁷⁸ For a discussion of creative field see Allan J. Scott 'Entrepreneurship, innovation and industrial development: geography and the creative field revisited', *Small Business Economics* Vol. 26 (2006) pp. 1—24.

studios, as well as market space (e.g. 798 in Beijing). But it also implies a creative mental and entrepreneurial space, a willingness to experiment with new ideas, competitive cooperation across networks of businesses, and fast learning and adoption of successful ideas.