Management Strategy for Songzhuang Culture and Creative Industry Cluster

by

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A Master’s Capstone
Presented in Partial Fulfillment of the Requirement for the
Master’s of Art Degree in Arts Management
Arts and Administration Program
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June 2012
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Acknowledgements

This capstone paper is an outcome of my two years study in University of Oregon Arts Administration graduate program. I would like to thank my research and academic advisor John Fenn. Without his support and encouragement, this paper could not be finished. He guided me to explore this research topic, and taught me how to incorporate my two capstone courses with research questions. Even though he was busy with his heavy workload, he patiently helped me to revise this paper’s grammar problem. His research advising provided me a strong confidence to complete this research on time.

I also need to thank all my Arts and Administration professors. Without your support, encouragement, and contributions, I could not finish my graduate study. I would like to especially thank Professor Doug Blandy, without your support, I would not be able to attend ChinaVine summer field school to collect data for my research.

In addition, I would like to show my gratitude to Emily Saunders, Megan Lallier-Barron, Katie Kelley and all my arts administration fellows. Your love, support and understanding helped me to go through the whole process of my research and graduate school.

Finally, thank you Mom, Dad and Kaixun Zhang, you are my solid back, always trusting and supporting me. I will always love you!

Nan Yang

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Website Coordinator  
China National Centre for Performing Arts, China  
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Online Festival Coordinator  
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Abstract
The culture and creative industry idea has swept all over the world. The concept for relying on human intelligence as a way to develop the economy has also found its position in China. In 2006, Beijing Government officially confirmed ten Culture and Creative Industry Clusters, Songzhuang Culture and Creative Industry Cluster (SCCIC) is one of the largest. After almost twenty years development, in 2010, Songzhuang Township Government has announced that SCCIC will become Beijing’s Center Arts District (CAD). This paper examines the current situation for SCCIC from its management model, public sector’s support and private sector’s support. There are three main problems existing inside SCCIC, which are a contradiction between the Songzhuang Management Committee and the artists, the inequity problem that is seen from an artists’ perspective, and the government’s bureaucratic problem in providing policy for SCCIC. This research then provides suggestions for solving these problems, which include: enhancing the importance of Songzhuang Arts Promotion Association; providing artists with health insurance and other social welfare programs inside SCCIC; setting up efficient policies to support SCCIC.

Keyword
Culture industry
Culture and creative industry
Creative and culture cluster
Songzhuang
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Chapter 1: Introduction and Research Design

Problem Statement

Recently in China, culture and creative industry (CCI) is the most frequently heard concept on government memos, medias, and research papers. At the Eleventh General Meeting of the ninth Party Committee of Beijing on the 27th of December, 2005\(^1\), it was announced that the city of Beijing would promote CCI in 2006 to become the pillar of development of the city for the future. The Chinese government believes that by developing the creative industry, China’s national competitiveness will be enhanced (Keane, 2006). And these creative industries will not only convert the static forms of culture into interactive forms, but also drive economic growth and promote diversity (Keane & Zhang, 2008).

Hitter and Richards point out that “creative industries show a strong proclivity to clustering”, because inside the cluster, people could “share production facilities, to draw on the same audience, or to engage in collaborative marketing” (Hitter & Richards, 2002, pp.236). Reflecting this observation, China now has numerous areas designated as culture and creative industry clusters (CCIC). These clusters could be named as art centers, animation bases, cultural zones, incubators and so on. Although the CCIC is not a new phenomenon in many western countries, in China, the development of these clusters is still in its infancy. The early form of Chinese CCIC was called an art district, and first appeared around the 1990s, since then, it has been developing rapidly. Beijing now has around twenty CCICs and will have more in the near future (Currier, 2008).

In those CCICs in Beijing, Songzhuang Culture and Creative Industry Cluster (SCCIC)

\(^1\) [http://www.ccnt.gov.cn/xwzx/whbdft/t20060113_22751.htm]
has one of the most appealing futures. The Beijing local government in 2006 officially recognized SCCIC’s existence. Currently, there are more than 4600 artists inside the Songzhuang area, including many world-renowned artists, as well as many young artists. Today’s Songzhuang is much like the Barbizon in France, the East Village in the U.S. and the Worpswede in Germany; it has attracted more and more international attention (Li, 2005).

Many previous research efforts have made reference to SCCIC (Keane, 2011; Kong, 2007, 2009; Wang, 2001). When discussing Beijing’s creative industry development, SCCIC is often proposed as a case study to support the author’s points of view. For example, in China’s new Creative Clusters: Governance Human Capital and Regional Investment, Keane describes how SCCIC illustrates aspirations of the local government to generate profit from the labor of artists and to raise land values (Keane, 2011). The living status of SCCIC’s artists is another hot topic that shows up in current research. Xia has analyzed the creative status of the artists, and categorized those artists. His position was that for contemporary artists, Songzhuang is a place for living and practicing, where previously, for artists, it was a place of freedom and a mental utopia.

However, most of the existing research on Songzhuang was conducted before the Central Art District (CAD) plan. In July 2010, at the Sixth Songzhuang Art Festival press release, Songzhuang Township Government proposed a new long-term development plan: for SCCIC to become a new Central Art District (CAD) in Beijing. The ambitious plan includes building eight functional industry zones inside the CAD. The Songzhuang government plans to build CAD as an international brand for Beijing.

Two years has passed since the CAD concept was shown to the public. There are many

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2 http://www.bjci.gov.cn/81/2009/01/15/41@13454.htm
3 http://old.chinasongzhuang.cn/n3424c42.aspx
questions left unanswered in the research. These include: How is the development progressing? Is the policy suitable for the development? What are the artists’ living status after the CAD plan? How can we do better for future development? In my paper, I would like to focus on SCCIC’s current situation, and discover the development strategy for the cluster and provide suggestions for future development.

**Conceptual framework**

*Topical literature review*

There is a lot of research in western countries about art districts, and since art districts sometimes become the CCIC (Chen, 2009), those analyses could also be applied to CCIC’s conceptual framework. In Brooks and Kushner’s research *Culture Districts and Urban Development*, administration, degree of public involvement, degree of physical change and programming are the factors used to analyze management in American art districts (Brooks & Kushner, 2001). Mommass also illustrates that a cultural cluster usually combines the private and public sectors together, and calls this “the hybrid public-private model” (Mommass, 2004, pp.515). According to the literature review, and considering the current situation in China, this study has identified three concepts as important to evaluating management strategies in Songzhuang: the management model of the cluster, and the context for the public and private sector.

The public sector context plays a key role in promoting art clusters and the development of cultural networks. Both national and local government should be considered inside the public sector. The national government provides the general guidelines for developing the art district. In China, the Twelfth Five-Year Plan Outline⁴ provided the policy structure within which the

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Chinese government would support the development of the culture and creative industry over a five-year period. The CCIC is one of the forms that represents the culture and creative industry in this plan. As Mommaas infers, the local authorities should also provide strategic intervention for art district’s development (Mommaas, 2004). The local governments can provide clear policies for developing CCIC, and according to research in the U.S., art districts’ administrators usually use those policies as guidelines for selecting temporary and long-term tenants (Hitters & Richards, 2002).

Private sector support is another component that should be considered in this research. Wang’s 2008 article “798 Art District’s Development Trend” demonstrates that government support, private sector cooperation, and artists’ participation are three components that can help art districts achieve sustainable development (Wang, 2008). The private sector contains both private company and non-profit organization support. Every successful arts district “(has) some combination of multi-level government, private business and the private not-for-profit sector collaboration to institute, finance, and manage it” (Brooks & Kushner, 2001, pp.11).

The management mode also relates to the development of an arts district. The management mode answers questions about who makes up the administration, and how the administration functions inside the arts district. Hitters and Richard discussed in their research that art districts management played a significant role in coordinating events for the districts, promoting the districts as a whole, and representing the needs of the arts communities within the districts (Hitters & Richard, 2002). The art districts operation models and relationships with different constituencies becomes part of the success of the arts district. By analyzing the management mode of arts districts, we can know the administrations function. We can also foresee the suitable administrative bodies for the art districts development (Brooks & Kushner,
2001).

**Theoretical framework**

The public sector, private sector and management mode are three concepts that are seemingly unrelated, but actually influence each other significantly. The public sector’s policy and financial support determine how the private sector supports arts districts and what management mode is used inside of the art districts; the level of support from the private sector will also affect adjustments in public sector policy and the installment of the management mode; the management mode also establishes the public and private sectors support level and provides more information for development.

By analyzing these three concepts, my capstone paper explores the current situation in SCCIC, finding insufficient or underdeveloped aspects, and provides suggestions for problem solving. As the conceptual frame shows in appendix A, by analyzing the degree of public sector participation, one can determine if the policy is effective and if the financial support is sufficient. Analyzing private sector involvement also provides information about its investments and what the benefits are for both the private sector and art district. Discussion about the current management mode in SCCIC provides more specific evidence in determining what kind of management model is suitable for SCCIC.

**Research Methodology**

*Purpose statement:*

The purpose of this research is to explore the current situation of SCCIC and analyze its current development process in order to provide suggestions for future economic and culture development. I have analyzed current public sector policy and financial support, private sector investments and the cluster’s management mode. Arts managers and administrators in the
SCCIC could discover new management possibilities for developing the cluster.

Methodological paradigm:

As a researcher, I have used both relativist and positivist paradigms. I have observed the phenomena of the world in order to analyze the nature of it informally, just as the positivist paradigm suggests. However, to only use a positivist paradigm is one-sided, and in order to form a comprehensive understanding of the world, I have also engaged a relativist paradigm. A relativist paradigm defines no absolute truth or validity. In relativism there are different angles when facing the problem, and people may have different ideas accordingly.

In my research, I have followed this methodological paradigm, synthesizing both relativism and positivism. When analyzing the documents of CCIC’s development, the positivist paradigm was used to discover the management strategy for developing the cluster. When analyzing news report, policy and other documents, I have provided a relative personal sense about whether the documents show the suitable development strategy for Songzhuang Art District, and where the relativism paradigm analysis should be used.

Role of the researcher:

Since all the information was dealt through my lens, unbiased judgment needs to be used during the research. Although I have lived in Beijing for many years, SCCIC was still an unfamiliar area for me before I have done the research. In order to provide rational development suggestions for SCCIC, I should be more acquainted with the CCIC. I have collected all of the information in various ways, and distinguished which of these ways should be applied to my research. By taking the two capstone courses, I was be able to understand SCCIC’s current development situation, as well as the need for the government to provide financial and policy support. Comparing the government with the cluster, artists in the SCCIC might be seen as
vulnerable. I may have this bias when analyzing the status of those artists development and requirements, and may want to provide more management strategies that benefit the artists. I have pushed myself to be an outsider and to analyze the whole related groups of the cluster, and tried to consider all sides inside the SCCIC.

**Research question:**

Main research question: Under the Capital Art District plan, how could SCCIC economically and culturally develop better?

Several sub questions discussed in the research:

- What are the roles of local government in developing SCCIC?
- What are the policies that local government provides for SCCIC?
- What kind of financial support does the government provide for SCCIC?
- What are the problems with the government policy and financial support structures?
  What other suggestions could be provided to the government?
- How does SCCIC attract private sector’s support?
- What kind of support has the private sector already given to SCCIC?
- What are the issues in attracting the private sector into SCCIC? What suggestions could be provided to deal with the private sector problems?
- What administration model is used inside SCCIC?
- What is the problem with using the current management model?
- What suggestions could be provided to deal with the administration model problems?

**Delimitations:**

My research is focusing on SCCIC’s current situation to discuss current government support in policy and financial aspects, private sectors financial aspect and its current
administration model. The focus of the research was only related to SCCIC. Other influences like current economic situation in China, interpersonal relationships, political affects and so forth were not discussed.

Limitations:

Since the research is focusing on the SCCIC, some results for the research are not suitable for other CCIC’s in Beijing or China. Also, China has its own special social structure, so the research findings are not suitable for other regions or countries. Analyzing the artist group is important for fully understanding the public policy and administration mode that impact the CCIC. However, research of individual artists’ living statuses requires in-person interviews or surveys, and is beyond the scope of my project. Since this research is a capstone-based effort, the research only focus on document analysis and literature review, and less on interviews or survey analysis.

Benefits of the study:

There are two benefits that this research will provide. First, by analyzing SCCIC’s current situation, (finding both the obvious and inconspicuous problems) and providing suggestions, it will help the government and art district administrators find the best problem-solving methods. Second, some of SCCIC’s development methods and experiences could be applied to other art districts in China. My research will help implement the creative industry in China by providing a better evaluative structure and critical analysis.

Research Design

Overview of research design:

The main question for the research is under the Capital Art District plan, how could
SCCIC develop better? The research will focus on SCCIC’s development after its ambitious CAD plan. The main target is to find the problem inside the cluster currently, and provide possible solutions.

Research approach:

The descriptive research approach was used during my research. The descriptive research approach “is used to obtain information concerning the current status of the phenomena to describe, ‘what exists’ with respect to variables or conditions in a situation” (James, 1997). SCCIC’s current ‘status of the phenomena’ is what this research talking about, so the descriptive research approach is suitable for this topic.

Strategy of Inquiry:

Two capstone courses have been taken to better understand the development of SCCIC. By taking the capstone courses, students demonstrate that they have achieved the goals for learning established by their educational institution and major department (Moore, n.d). It is ideal for students “whose research interest can be best explored within the academic environment or whose research solely requires an extensive review of existent literature and materials available in libraries, archives, or online.” (University of Oregon Arts Administration Program, n.d) Since the analysis for SCCIC’s development requires extensive knowledge in analyzing public policy, and the understanding of financial documents; the capstone classes will provide me with the education needed to better analyze the situation in Songzhuang.

The extensive literature review was applied to my research. Creswell (2009) said, “A literature review means locating and summarizing the studies about a topic” (Creswell, 2009, pp. 29). The literature review about culture and creative industry’s history, the importance of CCIC, and other perspectives and features of CCIC provides me the information about why SCCIC
should be built, and how Songzhuang might develop.

**Method of data collection and analysis**

The research on the development for SCCIC was emerged from qualitative analysis of secondary data. Secondary data was collected from reports and studies during the development of SCCIC. The annual reports, policy documents, plans, newspaper reports, and research reports for the area were also be analyzed. Data were acquired from SCCIC Management Committee, newspaper reports, and research journals. The document analysis provided more information for public sector and private sector participation, as well as administration mode and artists’ living status in SCCIC.

**Capstone Coursework**

Two classes have been taken to better understand my research topic. Those courses are OXAO 688 ChinaVine Summer Field School, and PPPM 636 Policy Analysis class.

The ChinaVine Summer Field School is designed to better understand contemporary Chinese art and culture. During the course period, we visited SCCIC to do fieldwork. Interviews of the artists and management director helped me better understand the background for SCCIC, as well as provided me with the first impression about this cluster’s current development situation. I have used the data that we have collected in this field school in my following research to demonstrate the history of Songzhuang Creative Cluster, and the current SCCIC’s CAD plan. I have also used some unpublished interviews from ChinaVine to do analysis and research for the best management strategy for SCCIC.

The PPPM 636 Public Policy Analysis class helped me to understand how to do policy analysis. It provided a practicum procedure on policy analysis. This class increased my understanding of why government should provide policy to intervene in society. The root
problems are externality, public goods, social equity and government failure. Many theories that I have been taught could be used in my research to better understand my topic. For example, the public goods problem helps me to better understand why government should set up the creative clusters. The social equity issue helps me understand the importance of providing artists with a welfare system, and the government failure issue gives me the foresight to search for government bureaucratic issues within SCCIC.
Chapter 2: Literature Review

SCCIC is one of the results of the Chinese government’s creative industry policy. In order to better analyze SCCIC, the development and definition of the creative industry, as well as the creative cluster should be applied. The creative industry is coming from the term culture industry, so that in order to better understand creative industry, information about culture industry should also be studied.

The culture industry

History of development

In the book Work of Art in The Age of Mechanical Reproduction, Walter Benjamin illustrated how art lost its aura through the mechanical reproduction period. Because of the reproduction of the art, art losses its elite aura and turns to be a “mass consumption” (Benjamin, 2010). The reproduction of the art has given art a new commodity feature, which was further illustrated by Max Horkheimer and Theodor Adorno in 1944. In their Dialectic of Enlightenment, they first imposed the concept of culture industry. Culture was described as a ‘must have’ commodity when a man has leisure time. Those culture commodities are imposed by culture manufacturers, which work for controllers to dominate common people. And the culture industry “can pride itself on having energetically executed the previously clumsy transposition of art into the sphere of consumption, on making this a principle, on divesting amusement of its obtrusive naïvetes and improving the type of commodities (Horkheimer & Adorno, 1986, pp21).”

According to Cunningham, the development of culture industry as a concept has experienced four stages: (1) The 1930s negative version, which has already been illustrated above. (2) The 1970s and 1980s reconceptualization of established commercial industries as
cultural. At this stage, the old industry was defined as culture. (3) Applied arts practices. For example, arts practices on this stage are used to revitalize urban development, and these practices are driving culture in the direction of industry. (4) The application of neoclassical economics to the arts. Which concatenate art with the established commercial (Cunningham, n.d).

In the 1980s, due to the prosperity in the global North, the extra leisure time, rising levels of literacy, links between the new medium of television and new discourses of consumerism, the increasing importance of “cultural hardware” attention to the culture industry boomed. The attention for culture industry that had been paid for by the government was rising until late 90s and the concept of creative industry shown up (Hesmondhalgh & Pratt, 2005).

Definition of culture industry

Although people agreed with the concatenation of art with the established commercial, the definition for the culture industries are various (Yuan, 2004; Pratt, 2005; O'Connor, 2005). United Nations Educational, Scientific and Cultural Organization (UNESCO) refers to culture industry as those industries which produce and distribute cultural goods and services. And according to UNESCO, cultural goods and services are those that are “considered as a specific attribute, use or purpose, and embody or convey cultural expressions, irrespective of the commercial value they may have” (UNESCO, 2005). Within this definition, cultural expression is the keynote for cultural industry. And that is the reason why UNESCO is more focused on solving unequal culture industry in the North and the South of the World. (UNESCO, 2006). However, when the culture industry idea is embedded into many countries, the content for this term has been changed to focus more on its economic features.

David Throsby in his book entitled Economics and Culture illustrates that the application of the word “industry” to art and culture does focus on the economic processes. The focus is on
cultural goods and services that are made, marketed, distributed and sold to consumers (Throsby, 2001). He further analyzes culture industry in supply and demand, technology, labor markets and goods markets by following the structure of industry-economic standards. He concludes that the development of culture industry could contribute in urban revitalization, tourism and trade.

**Classification of culture industry**

According to the different standpoints, the classification of culture industry could be various. According to Justin O’ Connor, “The cultural industries are those activities which deal primarily in symbolic goods – goods that primary economic value is derived from its cultural value” (O’Connor, 1999, p.5). And this definition has categorized culture industry into two groups: the ‘classical’ cultural industries and the ‘traditional arts’. The ‘classical’ culture industries include: broadcast media, film, publishing, recorded music, design, architecture and new media. The ‘traditional arts’ contain activities that have been supported by public funding such as: visual art, crafts, theatre, music theatre, concerts, performances, literature, museums and galleries.

Throsby, represents a different ideation from this economic perspective, and provides another scheme for culture industry. In his idea, the culture industry should be categorized by its outputs’ relationship with cultural commodity. He defined cultural commodity as “(the) cultural goods and services, which involve creativity in their production, and embody, some degree of intellectual property and convey symbolic meaning” (Throsby, 2001, p112). After defining cultural commodities, Throsby then illustrates a concentric-circle model of cultural industries. In the core of the circle are the traditional arts forms (which is the starting point of the cultural commodity): music, dance, theatre, literature, the visual arts, the crafts, and newer forms of practice such as video art, performance art, computer and multimedia art and so on. These art
forms can all extend as a whole single industry that may or may not be related to culture industry. At the wider ring of this concentric circle are those industries that primarily produce cultural commodities and at the same time also output some non-culture goods and services. This group includes books, magazines, publishing, television, radio, newspapers and film. The boundaries of culture industry are overlapping with other industries. Hence at the outer part of the circle, other industries that are not primarily focused on producing cultural commodity, but that house cultural content are considered. Advertising, tourism, and architectural services fall into this category (Throsby, 2001).

Culture Industry in China

The culture policy in China has suffered a long time and been affected by Marxist-Leninist principles, which hindered Chinese culture capital development. As Keane said, the Chinese cultural market’s consciousness was weak until the economic reform took place during Deng Xiaoping’s tour of southern China (Keane, 2011). Chinese state-owned culture enterprises were attracted to the idea of making capital from culture (Zha, 1995; Schell, 1994). Since then the culture industry has been developing in China. Many public cultural service units or public institutions (shiye) have been transforming into enterprises (qiye), and those enterprises together have formed the Chinese culture industry (wenhuachanye). Those public cultural service units or public institutions became state owned enterprises. They are competing with other culture companies on the market and using earned profit as the target. For example, the China Children's Art Theatre used to be a state owned theatre, in 2004, four companies have invested money into the theatre, and the theater became the China Children’s Art Theatre Limited Liability Company. The programs for the theatre are not set by the government, but created by the theater itself to adapt to the market’s requirements.
The definition of culture industry in China also varies from other countries, due to the special conditions of the country. In 2003, the Ministry of Culture of the People’s Republic of China (MCPRC) delineated culture industry as those industries that make profit through producing culture commodity and providing culture services. The culture industry is a concept that is promoted by public cultural service units and institutions (wenhuashiye). Both culture industry and public cultural service units and institutions are helping to intensify the development of socialist culture (MCPRC, 2003).

The Chinese culture industry is focusing on both business values and culture values. Hua Jian believes that the Chinese culture industry must be a large-scale business operation, which provides both culture commodity and culture service. The enterprises that manage culture industry must seek to maximize its profit as the goal. The culture industry helps to cultivate a chain of cooperation, by coordinating and distributing responsibilities which transform culture ideology into commercial value. Furthermore by using the culture commodity’s business value one improves the dissemination of culture value (Hua, 2002). Ye Lang, the professor of Peking University, also maintains that the culture industry is guided by the market, it is a large-scale business activity that aimed to fulfill people’s energetic cultural needs (Lang, as cited by Keane, 2011).

Chinese culture industry was categorized in three groups. Those three groups are core level, peripheral level, and related level. The core level includes: entertainment, news publishing, television and broadcasting, the videotape industry, Internet and computer service, tourism and education. These industries are all main areas for developing culture industry in China. The leading edge culture industry includes: literature, drama, music, fine arts, television and film production, industrial and architectural design, art museums and libraries. The
advertisement and consultation industry were categorized as the expanded area for culture industry (Study Groups of the Development of China's Culture, 2002). According to MCPRC the nine industries included as the management scope of culture industry are: performance industry, film and TV industry, recording and video industry, cultural and amusement industry, culture tourism industry, Internet industry, publication industry, cultural relics protection, fine art industry and art education (MCPRC, 2003).

The Creative Industry

Recently, the culture policy in many countries changed its policy description from developing culture industry to creative industry. What happened that would bring about this change from culture industry to creative industry? What is creative industry? Why apply creative industry now? How has China applied this new concept? These questions will be addressed in the following paragraphs.

The changing from culture industry to creative industry

Due to the decline of manufacturing and a growth in service sectors, as well as more attention on the ‘knowledge economy’, the creative industry idea was impelled to show up (Oakley, 2011). The creative industry term first appeared in UK’s paperwork during the late 1990s. There was a political reason behind it. In order to attract more swinging voters in traditionally conservative electorates, the New Labour’s, under Tony Blair’s lead, established this new concept to give small business owners recognition for their work ethic (Keane, 2011). Also, as Pratt said, the New Labour established this new concept in order to distinguish them with ‘old’ Labour, which had been traditionally associated with the working class within the factory setting (Pratt, 2005). The shift from culture industry to creative industry not only helped to attract median voters, but also entailed the incoming Blair government to muster an array of...
industry sectors and sub-sectors under the banner of ‘creative’ (Keane, 2011).

**Definition and category of creative industry**

Despite the political reasons for the creative idea for creative industry, after it was proposed, it has become the hottest new topic for many countries to discover. The original definition for creative industry according to the Department for Culture Media and Sport (DCMS) in the UK is “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” (DCMS, 2001, p.5). According to this definition, UK has placed advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer services, television and radio into its creative industry scope.

Many researchers have already examined the creative industry idea from different perspectives. In Caves’ book *Creative Industries*, he analyzes creative industries from their economic properties. He maintains that creative industry provides goods and services that are broadly associated with cultural, artistic, or simply entertainment value (Caves, 2000). The creative industry contains: book and magazine publishing, the visual arts (painting, sculpture), the performing arts (theatre, opera, concerts, dance), sound recordings, cinema and TV films, even fashion, toys and games.

In comparison with other common goods, creative goods have many different economic properties: the demand for this goods is uncertain; the creative workers care about their product more than normal workers; some creative products require more than one creative workers, since it requires diverse skills to produce; and no two creative products are the same. Creative goods are experience goods, hence a creative worker needs to find a unique and different way to appeal
the customers. Artists have drastically different skills, so that the quality for the creative good is also different. Time is of essence in creative activities, close temporal coordination of the creative activities is important. And many of the creative products are durable and it could provide a long-term profitability.

The creative industry is a concept that has the ability to be extended. That is why when applied to different regions and countries this term reflects different meanings and content. The United Nations Conference on Trade and Development (UNCTAD) defined creative industry as “any economic activity producing symbolic products with a heavy reliance on intellectual property and for as wide a market as possible”(UNCTAD, 2004, pp4). It distinguishes creative industry into two groups: “upstream activities” and “downstream activities.” Traditional cultural activities such as performing arts or visual arts belong to upstream activities, and the products that are closer to the market such as advertising, publishing or media related activities, were defined as downstream activities (UNCTAD & UNDP, 2008).

In An Assessment of the Economic Impact of Missouri’s Creative Industries, the creative industry was defined as “those businesses and not-for-profit organizations that employ a significant number of arts workers” (Missouri Economic Research and Information Center, 2004, pp3) Those ‘arts workers’ must work in arts, sports, and media related occupations. Any industry that represents more than ten percent of creative occupations is defined as a creative industry. From this research there are four sub-sectors that can be categorized within the creative industry. They are (1) media and information, (2) fine arts, (3) professional design services, and (4) commercial arts and sports. And below these four categories, there are seventeen industries housed within these sub-sectors.

Hong Kong has used UK’s creative industry definition. However, based on cultural,
social, technological and economic characteristics within Hong Kong, the scope of creative industries has changed into eleven industry categories which are: (1) advertising, (2) architecture, (3) art, antiques and crafts, (4) design, (5) digital entertainment, (6) film and video, (7) music, (8) performing arts, (9) publishing, (10) software and computing, and (11) television and radio. Although these industry categories are clearly defined, the boundary between creative industries with other manufacturing and service sectors is increasingly blurred. As one researcher said “In theoretical terms, the more dependence of economic activities on design and symbolic resources for value added, the closer they could be drawn into the spectrum of the creative sector” (The University of Hong Kong, The Cultural Policy Research 2003, pp25).

In Japan, based on its own characteristics, and referring to the mapping of creative industries for the U.K, Japan’s creative industry was categorized into twelve sectors. Which are (1) advertising, (2) architecture and engineering services, (3) antiques market, (4) lacquer ware, (5) design, (6) film & video, (7) production, sales and rentals of audio and video recordings, (8) music and performing arts, (9) publishing, (10) computer software, (11) television and radio, (12) artists, academic and cultural organizations (Mitsuhiro, 2003).

Why creative industry?

Why have so many countries flocked to research and develop of the creative industry in their countries? What benefit could creative industry bring to those countries? The benefits to developing the creative industry in these countries is three fold: it contributes to the economy; creates more job opportunities; and helps with urban regeneration.

1. The Economic Contribution: from the local market to an increase in country’s exports

   With more attention being paid to pollution issues and the increase to human capital costs, the global economy is now transforming from the cheap manufacture production into
“value-added” production (The University of Hong Kong, The Cultural Policy Research, 2003). The creative industry is the key to innovation and to economic development (Keane & Zhang, 2008). No matter whether developing or developed, countries all have their unique cultures, and those cultures could transform this culture capital to help develop their local and national economy (UNCTAD & UNDP, 2008). The economic contributions both relate to the domestic market, as well as the overseas market. Governments have identified the growing consumer potential for creative industry products in the home market (Kong, 2009a). This economic contribution has already been tested in many countries.

According to research from Economic Co-operation and Development the proportion of Gross Domestic Product (GDP) contributed by the creative industries in 2006 in developed countries averaged around 3 to 6 percent (C. Gordon & Beilby-Orrin, 2006). For example, the creative industries in France and the United States made up about 3 percent of gross value added in 2002-2003. And almost 6 percent of gross value added in the United Kingdom. In developing countries, due to the variation in the sectors of the creative industry, overall statistical research has not yet been done. However, the creative industry in developing countries is important. The creative industry sectors account for 9.53 percent of the total GDP with the value added amounting to 2.86 percent of GDP in Thailand in 2008 (Fiscal Policy Institute, Kenan Institute Asia, 2009). In Latin America and the Caribbean the creative industry also takes two to five percent of GDP. For example, Brazil has a GDP contribution of 6.7 percent and Mexico has a GDP contribution of 4.77 percent (Nurse, 2009).

The creative industry is also central to the growth of external markets (Kong& O'Connor, 2009). As the UNCTAD research reflected, the global market for traded goods and services of the creative industries has had unprecedented dynamism in recent years (UNCTAD & UNDP,
Compared with the value of creative industry goods and services in 1996, in 2005, there was an 86 percent increasing from $227.4 billion to $424.4 billion. The growth rate of creative industry goods in global markets is at an annual rate of 8.7 percent from 2000-2005. And due to the market’s confidence in the demand for creative goods’, this trend will continue throughout the decade.

2. The Creation of more job opportunities.

The significant role that creative industry has made also relates to its ability to create more job opportunities. The employment within the creative industry is often much stronger than in the overall workforce. As shown in UNCTAD & UNDP’s report, there was a 5.2 percent growth rate in the creative industry, compared to 3.5 percent in the overall market. From 2002 to 2003, Canada had a 3.1 percent increase in creative industry employment, while the overall economy only created 2.3 percent. And in many developing countries, like in Mexico or the Philippines, the creative industry employs even more people than many traditional sectors (UNCTAD & UNDP, 2008).

By implementing the creative industry in these countries, the economic status for the creative workers also improves. The life status for the creative worker, especially the artists, has long been known as precarious. Since some of them are project-based artists this may result in a long period of unemployment, while other artists may be part-time or self-employed (UNCTAD & UNDP, 2008). The creative industry has provided more attention to the quality of life for these artists. More policies have been provided to help solve the inequity status for creative workers, such as providing affordable studios for artists to work within the creative clusters. The development of the creative industry could somehow help alleviate the economic shortage for artists and help them be better devoted to their creative jobs. As shown in a research study from
Missouri, the average wages for arts-centric industries is now eleven percent higher than average wages for all industries in the state, which indicates that creative industries provide a higher than average standard of living for employees (Missouri Economic Research and Information Center, 2004).

3. Urban regeneration

When emphasizing the value of creative industry, it is key to note its always embedded as a central role of a city’s revitalization plan (Stewart, 2008; Stern & Seifert, 2007). The creative industry companies, will be discussed later in the creative cluster chapter, and provide innovative ways to regenerate cities.

Cultural activity can promote cities by bringing more visitors and helping to increase rental properties for landowners (Keane, 2011). The reclaimed, degraded or underused spaces which attract creative businesses have become a point of interest for many cities. The examples include 798 Art Districts in Beijing, Hong Kong’s Cattle Depot Art Village in Kowloon, Pittsburgh’s culture district in the U.S, and Dutch’s Westergasfabriek. The concentration of arts galleries, studios, restaurants, shops bring arts and culture venues and facilities to those culture clusters. They not only help to preserve the historical buildings, but also provide a new economic growth point as a tourist attraction to revitalize the cities.

There is also evidence that proves that arts and cultural activities that related to creative industry can help to civilize the citizen and develop the economy. One example can be found in Manchester, Britain. Britain has set up a nighttime economy policy that evokes cultural activities like film, sports, dance, television and theater in former abandoned warehouse and industry buildings. After the application of this policy, there was a significant increase in the turnover of restaurants, clubs, bars and taxi firms. At the same time, the city-center arrest rate declined by
about 43 percent, compared to the period before this policy. This means the culture activities helped to reduce the criminal activities at that location and instigated more civilized activities (Bianchini, as cited in Cooke, 2008).

**Difference between culture industry and creative industry**

There are countless ties between culture industry and creative industry. However, most of the researchers believe that the creative industry has many differences from the culture industry. As Cunningham said, although creative industry at some part continues the culture industry, shifts topics from subsidized public art into new and broader applications of creativity (Cunningham, 2002).

Comparing with culture industry’s “mass models of centralized production (media) and real time public consumption (the arts)”, the creative industry is more focused on interactivity, convergence, customization, collaboration and networks due to improved technology (Cunningham, 2002). And this shift has caused the culture entrepreneurs to change from large-scale, monopolies to a relatively small to medium-sized enterprises. Those small-scale enterprises collaborate together as a cluster to effectively provide creative products to finish the industry chain. Due to this shift within creative industry, the flagship art companies or huge public broadcasting systems no longer exist as main culture entrepreneurs. The attention on state level markets in culture industry has been replaced for more focus on the local/region area, as well as the global market.

Creative inputs have increased in importance throughout the service sector of the creative industry concept. Hence intellectual property is more emphasized in the creative industry than in the culture industry. In the definition of UK’s creative industry, those industries that originate from the creative worker’s creativity (which could generate and exploit intellectual property) are
creative industries (DCMS, 2001). Intellectual property has been emphasized in the creative industry much more than in the culture industry, or any other industry sector (The University of Hong Kong, The Cultural Policy Research, 2003; UNCTD & UNDP, 2008).

In addition, the description of the production and consumption processes for the creative industry varies from culture industry. From the producer’s perspective, in the culture industry era, the supply chain, which is described as a single linear process, adds optimal value to the product and passes through steps has describe its production’s creative process. However, this is a static process that ignores the environmental effect of the whole products process. The creative industry highlights the effectiveness of the environment. The clustered and networked culture entrepreneurs help to create multi-directional values, that are not from single producers, but from other networked companies that relate to the product during the process. From the customer’s perspective, due to the development of technology, consumers not only passively accept the production, but also become the “Co-Creators” of the production in the creative industry era. And this co-create process can be found not only in the computer game sector of the creative industry, but also in the traditional arts performance (Hearn, Roodhouse & Blakey, 2007).

Creative industry in China (culture and creative industry)

The creative industry concept came to the mainland of China in 2004. After the Hong Kong Creative Industries Baseline Study was published, mainland China started its research on the creative industry. However, acceptance of this concept was not easy.

China has a long history of cultural production under the socialist planned system. Public cultural service units or public institutions (shiye) followed the government’s requirement to create culture products that have ideological features for the country (Keane, 2011). When the creative industry concept came to mainland China, many scholars doubted how this creative idea
could fit into the culture market of China. Wang Yongzhang, the Ministry of Culture’s spokesperson, said in the *Blue Book of Chinese Cultural Industries* that the UK’s creative industries were lacking ideology. In UK, the main creative industry idea is to pay attention on creativity and intellectual property; however, in China, culture production should not only have economic characteristic, but also have ideological features. The industrial design that is categorized within the creative industry doesn’t have this ideological feature (Wang, 2007). In the meantime, China has gained a lot of attention by using its 5000 years of history as an attractive way to develop tourism. Tourism is apparently, another debate within creative industry’s development in China, unlike UK’s model of creative industry (Keane, 2011).

However, only two years after the statement about ‘lack of ideology’, Wang illustrated on World Design Forum in 2009 that the development of creative industry in China would help China fulfill its goal of becoming the ‘international city of design’ (Keane, 2011). There are three reasons for this change. The first reason is that of China’s fall in income from manufacturing export. During the 2008 world economic recession, the increase of human capital has caused China to loss export income. Due to this China has been trying to find a new way to develop its economy. Creative industry provides the country with a new idea that moves away from a ‘Made in China’ economic base to an economy that emphasizes innovation, intellectual property, and a higher quality goods and services (Flew, 2012; Keane, 2011).

The second reason is due to the deficit of cultural trade in China. Compared to the neighbor country Japan or Korea, China’s foreign trade in culture is very week, the imports of cultural products verses exports were 10.3 to 1 (People’s daily, 2006). Because of the culture security problem, developing creative industry is necessary. Creative industry could help China produce more creative products to serve both local and international markets. The third reason
for a shift toward the creative industry concept is because it is suitable for the development
direction the country wants to take overall. In 2006, president Hu Jintao’s speech at the
National Science and Technology Conference proposed that China would enhance its ability in
independent innovation, and try to make China an innovative country (Zhu, 2006). Creative
industry is also promoting creative ability, which fits well for the country’s goal.

Under Chinese special country conditions, the government has proposed the culture
creative industry concept. According to Wang Wenzhang, China’s culture development should
consider fulfilling people’s increase in cultural needs to promote people’s comprehensive
development. This goal could be fulfilled by the culture industry idea. At the same time, the
importance of relying on people’s intellect to create potential economic growth point, as well as
to increase employment for society, could be achieved by applying creative industry. Hence, the
culture creative industry is an eclectic concept to describe Chinese cultural development (Wang,
2007).

According to “Beijing Cultural and Creative Industries Classification Standards”, the
culture and creative industry is defined as a series of industry clusters that provide a cultural
experience for the public by using creative ideas, skill and talent as basic method. A core value
is culture content and a creative product, which relying on intellectual property to create
expenses and transactions. There are nine sectors that belong to the culture and creative industry:
1. culture and art 2. news publishing 3. radio, television and film 4. software, Internet and computer
service 4. advertisement exhibitions 5. artwork and trade 6. design service 7. tourism and recreation
entertainment 9. other culture related service (Beijing Municipal Commission of Development
and Reform, 2006).

One thing that needs to be mentioned here is that different local, economic conditions and
cultural characteristics of culture and creative industry may have different categorizes and definitions. It is much like different countries’ definitions and categories for creative industry. To date there is not a national standard for the culture and creative industry in China.

**Creative cluster**

In the previous paragraph about the difference between creative industry and culture industry, it was mentioned that the clustered and networked culture entrepreneurs embody the creative industry. Although the cluster concept has been in development for many years, the creative cluster has many new features.

**Define creative cluster**

The cluster idea was developed a long time ago, following Alfred Marshall’s attention to the positive externalities arising from the co-location of firms and workers in related businesses. In 1990, Michael Porter further defined the benefit from this co-location phenomenon as cluster. In his research, cluster is described as “a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities” (Porter, 2000, p.254).

As said by Porter, the clusters influence completion and competitive advantage in three broad ways they:

1. Gain productivity: the firms inside the cluster could have more access to specialized inputs and employees. They could access more information and knowledge, that is more complementary with the whole industry, and rely on institutions to get more knowledge.

2. Increase innovation: the firm inside the cluster could perceive more clearly and rapidly the proximity buyers’ needs, hence further encouraging innovation to compete with others inside the same industry.
3. Expand business formations: new business formation, like headquarters, could build inside the cluster easily since the cluster provides assets, skills, inputs, and staff. Those new business formations will attract more resources and expand the cluster.

Under the creative industry concept, the creative cluster further illustrates how it could efficiently improve productivity. Furthermore, the creativity of human beings is the core concept for the entire creative industry concept; hence the ability for the creative cluster to attract talented people that inspire and exchange innovation is well illustrated in many studies (Keane, 2007, 2011; Flew, 2012; Mommaas, 2004, 2009).

Due to the close relationship between culture industry and creative industry, the creative cluster has benefits that common industry clusters do not have. Previously this paper has illustrated the power of culture in regenerating urban places, such as the abandoned factories, warehouses and power stations. Transforming those old buildings and derelict industrial-era sites into creative clusters not only preserves the historical buildings, but also promotes the cluster as a focal point in the city that appeals to investors and other supporters (Mommaas, 2004).

_Distinguishing between an art district, culture district, culture cluster, culture quarter and creative cluster_

Before the emergence of creative industry, the literature highlighted the culture sector, art district, culture district, culture cluster and culture quarter.

According to Frost-Krumpf, the culture districts and art districts are described as “a well-recognized, labeled, mix-use area of a city in which a high concentration of cultural facilities serves as the anchor of attraction” (Frost-Krumpf, 1998, p. 7). The culture cluster was identified as an area that created numerous properties, including organizations, businesses, participants, and artists, that make this area different from other neighborhoods (Stern & Seifert, 2010). The
cultural quarter is described as a geographical area where culture and entertainment are highly concentrated in city or town (Derek Wynnes, as cited by Hitters & Richards, 2002). There is no difference in the terminology between art district, culture district, culture cluster, and culture quarter. They are all described as an area in the city, with high concentrations of cultural organizations that stimulate the development of the region. U.S and Italy usually use “cluster” or “district”, while UK or other places in Europe tend to use the term cultural quarter (Cinti, 2008).

The creative cluster has a different definition when compared to art districts, culture districts, culture clusters and culture quarters. As Chen Shaofeng said, a creative cluster must fulfill several requirements it has: 1. A highly clustered industry. It becomes one or many sector’s headquarter, or a product’s trading center. 2. A large-scale income effect for the industry. 3. Use of highly professional technology, which represent the leading levels inside the industry. 4. The spillover effect, which could help improves local economy. 5. Perfect public infrastructures and facilities, which it owns (Chen, 2009).

A creative cluster can be distinguished from an art district, culture district, culture cluster, and culture quarter by its goal and function orientation (Chen, 2009). The creative cluster uses industrialization as its goal, and the large-scale production of culture-related products is the reflection of this goal. A culture district, on the other hand, does not have this goal, they are more initiated by the artists, and they produce their own cultural products individually. In addition, the value chain for a creative cluster is different. As this paper has illustrated, in the creative industry era, the value chain changed from a single linear value chain to a value creating ecology (Hearn, Roodhouse & Blakey, 2007). The creative cluster is the place where this creating ecology happened.
The creative cluster in China has been booming in recent years, ever since its creative industry culture policy (Keane, 2011; UNCTD, 2008; Flew, 2012). No doubt, one of the impetuses for the creative cluster’s initiation was the national and regional government’s policy (Keane, 2009a, 2011b). For example, the government usually invests money towards the identified creative cluster, to improve the cluster’s development. Local government has also set up many policies to affirm the creative cluster (Shanghai Municipal Economic Commission, 2008; Beijing Municipal Commission of Development and Reform, 2006). Another reason why the creative cluster boomed in China is because of the country’s history with communist ideology. “(The) Creative cluster formation developed a strong momentum in countries where a collectivist ethos had long been cultivated by governments, such as Singapore and China” (Flew, 2012, p.87).

By the 11th General Meeting of the 9th Party Committee of the Beijing Government on December 27th 2005, the term “cultural creative industries” was formally instituted. And after that the official creative cluster was defined by the Beijing Municipal Commission of Development and Reform as a public region that gathers a number of cultural and creative enterprises, and has a relatively industrial scale with independent research and development ability. Such a cluster also has specific service agencies and a public service platform that provide basic infrastructure and public service (Beijing Municipal Commission of Development and Reform, 2006).

Problems for creative clusters in China were mainly centered around three aspects. The first one was due to the lack of experience of managing creativity in China. Overall the government is unsure about the best way to manage creativity (Keane, 2011). Sometimes, the
local government pays too much attention to industry concepts rather than to the cultivation of innovation. The second problem that relates to the creative cluster’s development in China is that the local government is more apted to promote the growth of the number of creative clusters to stimulate regional urban growth, instead of maximizing their efficiencies (Zheng, 2010). What is not well determined is how to measure the quality of the creative cluster and evaluate the development of those clusters. Last but not least is the problem with the development of real estate costs. More and more governments are interested in promoting creative clusters because of the increase in rent for councils and landowners, as well as the increase in tourists (Keane, 2011; Kong, 2009b). Numerous creative clusters are becoming estate projects, instead of remaining focused on their original goal.

After examining the concepts of culture industry and creative industry, as well as creative cluster, the historical path of culture policy development from culture industry to creative industry has been illustrated. China’s scenario for developing the creative industry is also shown in the above analysis. This literature review provides a basic understanding and framework for examining and understanding the Songzhuang creative cluster in the following chapters.
Chapter 3: SCCIC’s background and its comparative advantages

Songzhuang is the name of a township located in the Tongzhou District within the eastern suburbs of the Beijing city center. It covers an area of 116 square kilometers, and presides over forty-seven administrative villages with a total population of nearly 100,000. Songzhuang used to be a typical northern Chinese rural suburb, where agriculture was the main living income for the residents there. Starting in 1994, many artists began renting and purchasing the peasant’s homes to set up their own studios within several villages in Songzhuang, for example Xiaopu Village, Xindian Village. More and more artists learned of this development through word of mouth and moved to Songzhuang. In 2006, the Beijing local government officially recognized the Songzhuang artists cluster as a creative and culture industry cluster. In 2011, there were more than 4,600 artists living inside of the Songzhuang Township, they are spread out over twenty-three villages within this township (Songzhuang Culture and Creative Management Committee, 2011a).

History background

In less than twenty years’ of development, Songzhuang has changed from a spontaneous artists gathering village into a creative industry cluster. The development of SCCIC could be categorized into three stages: 1993~2001, spontaneous artists cluster; 2002~2005, the government and market lead development arts cluster; 2006~2009, the culture and creative cluster; 2010~present, the Capital Arts District

1993~2001 spontaneous artists village

During this period of time, the artists’ community was organically gathering. In 1994, the first wave of artists like Fang Lijun, Zhang Huiping, and Yue Minjun, whom later find
international recognition and fame, relocated from Yuanmingyuan to Songzhuang. In 1995, after the full closure of the Yuanmingyuan community, most of the artists were relocated to Songzhuang’s Xiaopu Village. The richer artists purchased the farmers’ houses, and others rented rooms which were transformed into studios.

At the first couple years, Songzhuang was a utopian-like place for avant-garde artists. Those artists were outside the country’s system, self-employed and desultory. They gathered together to find the feeling of working in an “entity (Danwei)” (Wang, 2000). It was a place where artists co-habituated with peasants, sharing sunshine, earth, and air together. Artists acted like peasants, they didn’t like TV or newspapers, they were simply interested in communicating with each other (Wang, 2001). For the artists, Songzhuang represented freedom and grassroots (Li, 2005). And for Songzhuang’s peasants and local government, the artists’ community brought income and more opportunities for the village. From 1993 to 1996, there was a total of twenty-five artists bought residences in the Xiaopu Village. The average price was 17,000 RMB per house (Kong, 2007). The local government was not fully supervised and artists were charged 168RMB in health fees per person per year (Yan, 2009).

2002~2005 government and market leading development arts cluster

By 1999, industrial agriculture had thoroughly disappeared in the Songzhuang Township. With China’s macro-control from a development perspective, this industry was no longer profitable, and developing the economy in Songzhuang became a problem (Han, 2006). More artists came to Songzhuang, and in 2004, Hu jiebao, the new secretary of the Party Committee of Songzhuang proposed the idea of making Songzhuang a “culture of township” and to build Songzhuang as “China's culture of Silicon Valley.” It was proposed that the town was to focus on the economic potential of the culture industry (Keane, 2011). China’s Songzhuang brand was
registered. The local government and market that lead the organic artist village turned into an arts cluster.

2005 was a big year for Songzhuang. At this time the Songzhuang arts cluster held its first Songzhuang Cultural Arts Festival, which attracted worldwide attentions, and firmed the confidence of Songzhuang’s local government to develop this arts cluster. During the same year, the Songzhuang Arts Promotion Association (SAPA), a non-profit and non-governmental organization was established. SAPA’s mission is to help Songzhuang art community’s development, and service the original art industry development. SAPA also plays the role of a bridge, to help facilitate communication between artists and other artistic groups, artists and the government, and artists and local villagers (SAPA, n.d.). Also in 2005, Songzhuang’s official website was created, which provided exhibition and trade information for the arts cluster.

2006~2010, the culture and creative cluster

In 2002 Beijing’s local government officially recognized ten culture and creative industry clusters, and Songzhuang Creative Cluster was the biggest one among those ten clusters. During this period of time, Songzhuang’s arts cluster became a culture and creative cluster, which prolonged the industry chain, enriched its industry structure, and attracted more headquarter bases inside the cluster. In 2008, the Tong Zhou District Government organized the SCCIC Management Committee and Songzhuang Invest Development Company. These entities are mainly in charge of Songzhuang’s infrastructure management, first-class land development, and business development.

Beginning with the artists, the industry chain in Songzhuang includes artists, critics, traders, auctioneers, and collectors (Kong, 2007). Artists create the original work, then critics, working like gatekeepers, provide information to further the trade and auction of the work. The
trader and auctioneer persuade the arts collector to purchase the work. This is the industry chain that Songzhuang arts cluster currently operates. During 2006 to 2010, Songzhuang prolonged its industry chain by attracting more artists, ones that not only focus on the visual arts, but also on music and the film industry. More arts galleries and trading platforms were then established. At the same time, related service businesses had boomed, more restaurants, bars, and other life service facilities were built. Arts production, arts facilities, and the service industry provided the prosperity and development of the Songzhuang arts cluster and it became a new culture and creative industry cluster (Zhao & Cao, 2011). At the same time, the SCCIC also attracted headquarters to set up their base inside the cluster. The Sunchime Cartoon and Animation Groups, which will be further introduced in the following research, was relocated from Hunan Province to Songzhuang as a way of to help develop the Sunchime Cartoon and Animation Cluster project.

2010~present Capital Arts District

At the 6th Annual Songzhuang Arts Festival, in 2010, Hu Jiebao, the secretary of the Party Committee of Songzhuang announced the strategy plan for SCCIC to become the Capital Arts District of Beijing (China Daily, 2010). Actually the CAD idea is difficult to imagine in developed countries (Keane, 2011). Songzhuang’s CAD concept comes from the Beijing’s Capital Business District (CBD), CAD will be an arts-centered, fully functional district which will attract more global investments (SCCIC Management Committee, 2011b).

Presently, Songzhuang is focusing on building a “new district”, an artists’ village started in 1993 will become a new art and culture center for the Beijing city. There have already been many nationally important cultural projects contracted to develop in SCCIC. For example, Beijing’s World Trade Art Center project, China’s Art Industry Exposition project, the National
Fashion Creative Center project, the Film and TV Industrial project, the Sunchime Cartoon and Animation Cluster project, and so on (SCCIC Management Committee, 2011b). The CAD plan expanded SCCIC into a more diverse and blurred boundary, which works for the new city building in Tongzhou District, and Beijing’s ‘Global Beijing’ and ‘Culture Beijing’ goals (SCCIC Management Committee, 2011c).

The comparative advantages for SCCIC

As there are already many culture and creative clusters in Beijing, one may think about the comparative advantages for Songzhuang to develop as the CAD for Beijing? Why should government and private investment companies devote their time here?

Location advantage

![Figure 3.1 SCCIC Location Map](From Zhao, Z.L & Cao, H.W, Research for Spontaneous Type of Culture and Creative Industry Cluster’s Evolution)

SCCIC has a unique location advantage. It is located at the junction of Beijing’s main axis Changan Avenue and eastern development belt. As can be seen from the figure 3.1 it is only 20 kilometers from the cluster to the prosperous Beijing city center; 13 kilometers away to CBD; and 12 kilometers to Beijing International Airport. The No. 6th Beijing subway goes through the
eastside of this cluster, and many new, smooth roads are connecting Songzhuang’s whole area.
This unique location and convenient transportation system makes the culture and creative
products more easily transported and traded to locations all over the world.

**Government support and Government Planning advantage**

To develop creative industry, support from the local government is especially important.
The Songzhuang local government has always kept a positive attitude when it comes to
supporting creative industry development. After the “famous culture town” slogan was proposed,
Songzhuang’s local government supported the development of arts and culture activity inside the
Songzhuang area. When artists have a problem, like lack of money to hold an exhibition, the
SAPA helps the artists solve these problems.

The SCCIC has the Beijing government, Tong Zhou District government, and
Songzhuang Township government’s support. Many policies have been developed for these
clusters. For example, according to police, for Beijing to Promote and Develop Cultural and
Creative Industries, Beijing’s government will provide specific funds for developing the cluster’s
infrastructure. The culture’s headquarter inside the cluster could obtain some tax deductions
(Beijing Government, 2006b). Tong Zhou District, as well as Songzhuang Township, provides
tax return policies for investments inside the SCCIC (Tongzhoug District’s government, 2009;
Songzhuang government, 2009).

The planning advantages are also enormous for SCCIC. As a developing cluster, it has
plenty of underdeveloped land and abandoned factories that could be used. Taking advantage of
these resources could reduce the costs for capital building. At the same time electronic and other
infrastructure resources have already been provided, investors could utilize those resources
directly without spending time and money. Also, compared with other clusters, the price for land
use in the Songzhuang area is lower than other clusters.

*Human resource advantages*

SCCIC has already attracted many world famous artists to live there. These artists are valuable resources for SCCIC to attract more investments.

At the end of 2011, there were more than 4,600 artists living inside of Songzhuang. Among them, there were 3,450 calligraphy and painting artists, 650 sculptors, 100 musicians, 50 photographers, 150 media artists, 50 poetics, 50 writers and critics, and 100 conceptual artists (SCCIC Management Committee, 2011a). Those artists make and sell 30,000 works of art each year, which yield over 700 million RMB in trading volume. Yue Minjun, Fang, Lijun, Huang, Yongyu, and 37 other maestros’ who live and work in Songzhuang, have auctioned off their work in many domestic and international auction shops like Sotheby’s, for approximately 1.5 billion RMB. At the same time, there are more than 80 foreign artists inside SCCIC. They are from the United States, Korea, Spain, Italy, England, France, Sweden, Japan and 18 other countries (SCCIC Management Committee, 2011a). With the development of the cluster, more international artists are slated to move to the cluster. Songzhuang artists have attracted, and will bring more arts agencies and international investment opportunities, which will help to build SCCIC’s brand.

It is predicted that in the next five to ten years, the number of artists who live in Songzhuang will be between 10 to 20 thousands. In addition, it is predicted there will be more than two hundred internationally famous artists gathered in Songzhuang. They will provide more creative ideas to support the creative industry in SCCIC (SCCIC Management Committee, 2011a).
**The reasonable layout advantage**

SCCIC has already made a reasonable layout plan for the entire 14.6 square kilometers that makes up the cluster. In 2007, Songzhuang’s government entrusted J.A.O. Design International Architects & Planners Ltd. to design SCCIC urban concept design. According to the design, the whole cluster will be divided into eight functioning zones: Creative and Design Industry Zone, Entertainment and Media Industry Zone, International Animation Industry Zone, International Financial Service Zone, Culture Industry Transaction Zone, Film Production Industry Zone, Art Exhibition Zone, and Commercial Residential Zone (SCCIC Management Committee, 2010). Later in 2012, SCCIC’s Management Committee further authorized eleven urban design companies to compete in designing the whole cluster based on J.A.O.’s concept map. A new implement plan will be applied for creating Songzhuang as the CAD for Beijing city (SAPA, 2012).

To sum up, compared with other Beijing culture and creative clusters, SCCIC has obvious comparative advantages in its location, artistic resource, governmental policy, financial support, and design for the cluster. Based on those advantages, and its past achievements, the following chapters analyze its management model, government support, and private sector support as a way to provide more suggestions for the cluster’s development.
Chapter 4: SCCIC’s Management Strategy

In order to propose a future SCCIC management strategy plan, this research has analyzed SCCIC’s current management model, government sector support and private sector support. The shortcoming and suggestions for each aspect have also been proposed in the following paragraphs.

SCCIC’s management model

Figure 4.1 better illustrates how SCCIC is being managed. The direct local authority for SCCIC is SCCIC Management Committee. The committee is in charge of all work inside the SCCIC, which includes: infrastructure maintenance and building, Songzhuang brand building and promotion, local land development, creative industry development, investment attraction, activities planning, intellectual property protection platforms and other SCCIC’s daily management work.

Figure 4.1 SCCIC’s management model
In order to maintain SCCIC Management Committee’s work, two subordinate organizations and companies were built to help the committee fulfill its mission. The SCCIC Investment and Development LLC is fully invested by SCCIC Management Committee. The function of this company is to marshal private investment, real estate development, and investment consultation. Songzhuang Culture and Creative Development LLC was established in 2006. Since 2009, the SCCIC Management Committee has supervised this company. This company is responsible for integrating culture and creative resource for SCCIC. The function of this company is to: expedite the culture and creative industry resource research; integrate artists, curators, investors, entrepreneurs and scholars to research a projects’ feasibility, and report the findings to higher government; direct the Songzhuang Arts Festival; and find and build relationships with strategic partners (Songzhuang Township Government, 2008). The Songzhuang Culture and Creative Development LLC has also created seven companies like Dasong Tourism Agency, Dasong Property Management Company, and so on to provide services to SCCIC.

A paralleled organization of SCCIC Management Committee is SAPA, which was previously mentioned, is a nonprofit and nongovernmental organization that is run by Songzhuang artists and the Songzhuang township government. The SAPA is working as a bridge of communication between artists and government, local residents, and other companies.

The Songzhuang Township Government is directly in charge of the work of SCCIC’s Management Committee. And the Township Government is under Tongzhou District’s new city development plan, and Tongzhou District’s higher-up administrator is Beijing’s Government. Beijing is working on developing its creative industry blue print, so that both the Tongzhou District, as well as the Beijing Government, are providing financial and policy support for
SCCIC. These three levels of government cooperate together, which provides more opportunity for SCCIC to develop as the CAD in Beijing.

**Government’s support for SCCIC**

As mentioned before, different levels of governments are involved in different relationships with SCCIC from setting up policies to providing financial support. According to Beijing Government’s Polices for Beijing to Promote and Develop Cultural and Creative Industries, there are several policies that are related to SCCIC’s development. Those polices include Administrative Rules on Cultural and Creative Industries Guaranteed Funding Management, Administrative Rules for Culture and Creative Industry venture leading funds, Administrative Rules for Supporting Film and Television Animation Industry Development, Administrative Rules on Specific Funds for Infrastructure building of Cultural and Creative Industry Clusters, Administrative Rules for Culture and Creativity Industry Cluster Identification and Management and so on.

From these policies above, Beijing’s Government is mainly providing financial support to develop the culture and creative industry. The financial support is focused on discounted loans, subsidized projects, culture and creative industry rewards, loan guarantees, venture funds, taxes reduction and so on. For example, on Polices for Beijing to Promote and Develop Cultural and Creative Industries, it states from 2006, Beijing Government will provide 500 million RMB (equals to about 80 million USD) of public finance each year to invest on culture and creative industry’s development. And the government will provide 500 million RMB investments over three years to support culture and creative cluster’s infrastructure building (Beijing Government, 2006b). In order to encourage small and middle size companies to investment in culture and creative industry, according to Administrative Rules on Cultural and Creative Industries
Guaranteed Funding Management, the government will provide bond company’s compensation money for supporting and helping small businesses get loans from the bank (Beijing Cultural and Creative Industry Leading Office, 2009).

Tongzhou District Government and Songzhuang Township Government are not only following polices from the Beijing Government, they are also helping SCCIC and other culture and creative organizations apply for municipal’s financial support, by providing local financial and policy support. For example, according to Temporary Policies for Promoting Tongzhou District’s Industry Development, Tongzhou Government will provide support to new registered culture and creative industry related companies. When these companies turn over more than 1 million RMB (0.16 million USD) in taxes total, they will get 20 percent of the district’s level tax refund over three years (Tongzhou District Government, 2009).

Songzhuang Township Government is the direct leader of the SCCIC Management Committee. It helps SCCIC, and other culture and creative companies to apply for grants from both Tongzhou District and the Beijing Government. Songzhuang Township Government also works with SCCIC Management Committee to deal with some specific problems, such as controlling rental prices for artists, moving issues between residences, and supervising the Songzhuang arts festival.

Private sector’s support for SCCIC

After SCCIC was officially acknowledged as the culture and creative cluster, there were many private companies investing money into SCCIC to start culture and creative industry projects. The private sector’s investment procedure can be found in figure 4.2. After Songzhuang Township government finishes the residences’ rearrangement and the first level of land development, the big property enterprises will start to build their own projects inside SCCIC.
And after the estate projects are finished, SCCIC Management Committee will ally with property companies to attract more culture and creative industry companies, as well as artists to reside within the cluster.

![Figure 4.2 Private Sector's participation process](image)

At this time, SCCIC has already attracted big property enterprises to begin real estate projects. World Trade Center (Shanghai Holding Group) and Sanchime (Sanchen) Cartoon Properties Ltd have already signed the contract with SCCIC Management Committee to invest over 3.5 billion RMB (0.5 billion USD) inside SCCIC for several projects such as World Trade Center Beijing, World Classic Car Heritage Museum, and Beijing Songzhuang Design Museum. Those projects will be finished in six years, and they will show a profit in ten years. According to the plan, those projects will attract more than 300 creative industry quarter-base enterprises; 600 to 700 related industry work studios; 16 thousand working positions; and 1 billion RMB (160 million USD) tax revenue for the government (World Trade Center (Shanghai) Holdings Group & Sanchime Cartoon (Beijing) Properties Ltd, 2011).
Chapter 5 Problems and Suggestions for SCCIC

After examining the SCCIC’s management model, government policy and private sector’s support, several problems have become apparent. This chapter will focus on demonstrating the problems, and provide suggestions for SCCIC’s future development.

Fully-develop SAPA

SCCIC is a bottom-up cluster. Bottom-up indicates the cluster initiated from the organic local communities without governmental or public sector’s involvement and was later handed over to government officials and private real estate companies to manage (Hitters & Richards, 2002). Such bottom-up clusters can be found in Netherland’s Withstraat and Hong Kong’s Footak Building Studio.

The problem with managing a bottom-up cluster is that the artists spontaneously gathered to the area due to its freedom and rural features. Therefore, when government starts to manage the cluster, the confliction between management committee and artists can arise. SCCIC shares the same problem. When the ChinaVine field school interviewed sculptor Zhang Jianhua in Songzhuang, he mentioned the reason why he moved from the 798 Art District, another bottom-up art district, to Songzhuang was because Songzhuang had a freer atmosphere:

“The contemporary arts need freedom, if the government control and supervise it too much, we can’t make great art. I moved to Songzhuang because I like the atmosphere, I could create my work as I wish. However, after the SCCIC plan in recent year, I realized that the freedom is not as it had before. The management committee and government are trying to supervise us. Many exhibitions and behavior art were not allowed to present.”

Although SCCIC’s Management Committee has realized the importance of artists’ as a resource inside cluster, the conflict between committee and artists still exists. In a recent SCCIC Management Committee’s file, the tight management of the content chosen for display for an

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5 Interview by ChinaVine on Songzhuang at July.15th
arts exhibition and artists’ activities was mentioned. The SCCIC Management Committee is trying to set up a new department, Social Culture Management Office, which will regulate exhibitions and art activities, to make sure the content and behavior of the artists will “strictly abide by the related national laws, regulations, and requirements.” Artists and organizations will report the content for art-related activities to the office, and only be allowed to start the project after getting permission from the office (SCCIC Management Committee & Tongzhou District Government, 2011). This type of management feedback can be found in many administration files in SCCIC, which means the freedom of artists are gradually loosing ground. On one-hand the management committee wants to make sure of the stability inside SCCIC, on the other hand, artists need freedom to express their emotions.

SAPA should work as a mediator to alleviate the tensions between SCCIC committee managers/governments and artists. SAPA is an organization that is co-built by artists and the local authority. The Social Culture Management Office sits under this organization and could be more applicable than inside the SCCIC Management Committee. Since the SAPA has support from artists, it would provide more elasticity and less censoring of the content for artists’ exhibitions and arts’ activities.

**Artists’ standard of living issues**

The social equity issue that relates to artists also emphasizes the importance of SAPA. As can be seen from figure 4.1, all the management models for SCCIC are mainly focused on attracting investments, land development, and ensuring the routine operation of SCCIC. The needs of artists are less mentioned. Only SAPA is managed by artists for artists. However, artists are the founders of this cluster, and they are the human resource for the future development of SCCIC. Florida believes that decreasing the inequality levels of the area is one of the key
elements for developing the creative industry (Florida, 2002). The importance of artists’ working and living situations should be mentioned, and promoted as one of the most important parts of the management of SCCIC.

In SCCIC, there have already been many successful artists, such as Yue Minjun, Fang Lijun, Huang Yongyu. Those famous artists have contributed totally over 1.5 billion RMB (0.2billion USD). However, those artists are on the top of the pyramid, most of the artists in Songzhuang are still struggling financially. The gap between the rich and the poor artist was found when interviewing several artists during the ChinaVine Field School. One case is the artist He Xuesheng, from Ningxia province. He moved to Songzhuang in 1993, after several years of painting, he spent 250 thousands RMB (40 thousands USD) in 2008, to rent an acre of land that Songzhuang Township Government provided to him for building his own studio for 50 years. Mr. He represents the middle level of artists, the foreign gallery agency goes to his house each year to purchase his works. His friend, Mr. Zhang on the other hand was not as lucky as Xuesheng. Mr. Zhang went to Songzhuang in 2009. Due to lack of money, he could only rent a room inside a small county-yard. During the interview, he said “I came to Songzhuang too late, if I had arrived here earlier, I could have invested my money like Mr. He.”

Mr. Zhang said, because of the shortage of money, he could only purchase the cheapest paper and brushes to keep his art career going. During the interview, from the expression in his eyes and manner of his speaking, Mr. Zhang was full of admiration for Mr. He. There are many artists like Mr. Zhang, who go to Songzhuang, to start their art career. Mr. Zhang is not the poorest artist in Songzhuang. There are many artists who cannot afford the standard of living in Songzhuang, and are forced to set up a stand to earn money in order to keep their artists career.

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6 Interview by ChinaVine on Songzhuang at July, 14th
7 Interview by ChinaVine on Songzhuang at July, 14th
The inequities for artists inside SCCIC have created obstacles for SCCIC’s development.

According to Jencks, there is a correlation between income and health. High-income people are much healthier than poor people. One reason is the poor people who receive large medical bills will deplete the family’s savings to pay them, thus lowering their and lowering their unearned income in later years (Jencks, 2002). This correlation can also be found in SCCIC. Most of the artists in Songzhuang are self-employed as artists. According to research, over 80 percent of the artists don’t have social security insurance, and more than half of those are artists short of money (“Following Report for”, 2012). This situation worsens when artists get ill causing their quality of life suffers. For example, a Songzhuang artist named Zhou Yibin who has Uremia. After being diagnosed with the illness, one sentence kept hovering on his mind “A whole life’s painting, can’t save my life?” (“Zhou Yibin and”, 2011). Due to the illness, Zhou is lacks money for treatment, the only thing that he has are his paintings. After learning of his situation, SAPA has worked with an auction website to fundraise the money for Zhou. They raised more than 60 thousands RMB for Zhou, and at some level eased Zhou’s financial strain.

Although SAPA has been discussed in relation to its service to artists, its importance should be highlighted again. SAPA could cooperate with the SCCIC Management Committee to help artists solve the health insurance problem by setting up an artists’ health foundation. The money for the foundation could be raised from SCCIC’s government financial support, private donor’s funds, small fees from SAPA’s registered artists. When the registered artists face health problems, and needs help, they could require assistance from the foundation. By doing this, it solves the problem of artists’ health fees, and also gives incentives for artists to register to SAPA which in turn helps SAPA better manage artists. It also attracts more artists to reside in SCCIC,
since it has a better standard of living.

Another way to guarantee artists’ living inside SCCIC is through employment opportunities for artists inside SCCIC’s companies. SAPA could build an artists database platform, and share it with companies inside SAPA. When those companies need artists to contribute to the creative industry, they could go directly through SAPA’s platform to find an appropriate candidate. By doing this, companies will have more human resources, and the artists will be helped by the companies health insurance and a reliable wage. SAPA should keep working as a bridge, which not only devotes money to the artists, but also helps artists to find jobs that utilize their artistic skills.

**Develop efficient policies to support SCCIC**

After looking through the government’s policies for SCCIC, and examining the current status for SCCIC’s development, two problems were discovered in relation to the government’s policy. The government reduces the application process for the policies, while simultaneously continually providing policy support for SCCIC’s development.

Although the government has provided much financial support for the cluster’s development, the bureaucratic procedure for the funding is complicated, and this procedure has caused inefficiency for the cluster’s development. According to *Administration Rules on Specific Funds for Infrastructure Building for Cultural and Creative Industry Cluster*, in order to get the infrastructure funds, there are four stages of approval. 1. Get proposal approved; 2. Get feasibility study report approved; 3. Get primary scheme of implementation and budget approved; 4. Go through other necessary procedures and wait for grant money. As shown in figure 5.1 each of the stages is related to more than one government department. For example, in order to get approval for the feasibility study report on the second stage, SCCIC first entrusts an A-level
consulting qualification intermediary to write the feasibility study report. After completing the report, SCCIC will submit the report as well as the project bidding plan to Tongzhou Municipal Commission of Development and Reform (TMCDR). And TMCDR will get Beijing Municipal Commission of Urban Planning’s project opinion, Beijing Municipal Bureau of Land and Resources’ Land preliminary examination opinion, Beijing Municipal Environmental Protection Bureau’s environment evaluation report, Beijing Municipal Commission of Development and Reform (BMCDR)’s capital assets energy-saving examination opinion, and other departments’ related approvals. Only after all of the approvals from these departments will the BMCDR evaluate the report by entrusting qualified intermediary organization consulting experts to evaluate the feasibility study report. And only after receiving the final approved feasibility study report by BMCDR will SCCIC then qualify the third and fourth stages of its infrastructure grant from Beijing Government. During this procedure, since so many government departments are related, opinions and approvals go back and forth, which makes the grants difficult to obtain for the culture and creative clusters. During this process, if any one segment gets stuck, for example, if BMCDR needs more time on the energy-saving examination, the cluster can do nothing but wait. This may cause a cluster to miss the financial budget year, which would result in them having to an entire year to obtain the grant from the government. This is not only a waste of time, but also a waste of money and opportunity.
Stage 1: Gets proposal approval

SCCIC entrust A-level engineering consultant intermediary organization to provide proposal and application

SCCIC deliver proposal to TMCDR get approved

- Gets Beijing Municipal Commission of Urban Planning’s statement of opinion
- New land acquisition projects should also get statement of opinion from BMCDR

BMCDR entrusts consultant intermediary organization to hire experts review and approve the proposal in five days

Stage 2: Gets feasibility report

SCCIC entrust A-level engineering consultant intermediary organization to provide feasibility study report

SCCIC deliver the report and project-bidding plan to TMCDR

- Gets Beijing Municipal Commission of Urban Planning’s statement of opinion
- Gets Beijing Municipal Bureau of Land and Resources’ land preliminary examination
- Beijing Municipal Environmental Protection Bureau’s environment evaluation report
- BMCDR’s capital assets energy-saving examination opinion
- Other related departments’ approval for the project

BMCDR entrusts consultant intermediary organization to hire experts review and approve the feasibility study report in five days

To be continued on next page
Stage 3: Gets primary implementations plan and budget approval

SCCIC entrusts A-level engineering consultant intermediary organization to provide primary implementation plan and budget.

SCCIC delivers the plan and budget to TMCDR for approval.

BMCDR entrusts consultant intermediary organization to hire experts to review and approve the plan and budget within five days.

Stage 4: Gets other permissions and the fund

SCCIC gets approval from BMCDR for the Implementation plan.

- Gets the land use permission from Beijing Municipal Commission of Urban Planning.
- Gets the construction land ratification from Beijing Municipal Bureau of Land and Resources’ Land.
- Gets other permissions from related departments.

BMCDR reports the plan to Beijing Cultural and Creative Industry Leading Office (BCCIO).

- BCCIO reports to Beijing Government if projects require over 50 million RMB (8 million USD).
- Beijing Municipal Finance Bureau approves and grants the money to SCCIC.

SCCIC gets financial support from Cultural and Creative Industry Cluster Infrastructure Building Fund and starts to use it on infrastructure development.

Figure 5.1 Cultural and Creative Industry Cluster Infrastructure building fund Application Process. Based on Administration Rules on Specific Funds for Infrastructure Building for Cultural and Creative Industry Cluster.
The bureaucracy of the government’s policy has made the development of SCCIC inefficiency. Even if SCCIC gets financial support from government, the time and energy that it took to get the support is wasteful. At the same time, inefficiency in the development of SCCIC as caused by the government’s bureaucracy can also be found in a lack of cooperation between government departments. For example Beijing Zhongbahe Arts Investment Consulting Co., LTD’s CEO Cui Guanghai purchased the land north of the Songzhuang Art gallery, he plans to build an artists village for SCCIC. Although he has already received permission from the planning department, after three years of money investment, the project’s construction has been stopped because the Beijing Municipal Bureau of Land and Resources’ Land still has not responded back in approving the lands use. Cui said “I have already investigated three years worth of money in this project, if it isn’t approved this year, I am going to cry” (Lan, 2011). These problems can also be found in several places inside SCCIC, a number of projects have stopped completely due to similar reasons as Cui’s project, which makes the SCCIC looks inefficient.

A recommendation is to develop a fast channel that helps the culture and creative clusters development, by having the government departments work more efficiently together on project’s application and approval processes. This would be a positive step in a cluster’s development. Each related government department should arrange specialists to work on culture and creative clusters’ issues, decreasing the project’s application and approval process, and provide specific limited response-time to the cluster.

Another recommendation for the government’s policy support is that the government should continue to increase financial support for SCCIC. According to SCCIC’s Management Committee, the current level of land development inside SCCIC requires almost 20 to 30 billion
RMB (3 to 5 billion USD) that includes spending on public facilities, infrastructure, residential relocation, lands compensation and so forth (SCCIC Management Committee, 2011b). However, current levels of government support fall far behind this number. According to experience, when the government investments first, the entrepreneurs follow, and those areas’ economies develop faster (Kash, 2012). So that in order to attract more entrepreneurs to investment inside SCCIC, and solve the land development problem, government should increase financial support for SCCIC.
Chapter 6: Conclusions and recommendations for additional study

Conclusions

With the belief that people who have ideas become more powerful than people who work with machines and in many cases, even more powerful than people who own machines (Howkins, 2001), promoting the creative industry becomes a development plan for many countries. Countries should rely on creative industry to develop both domestic and external markets, which helps to promote its economy. The advantages for developing creative industry is not only economic, it also helps prevent pollution, creates more job opportunities, and helps to revitalize the urban area (Stern & Seifert, 2007; Keane, 2011).

Influenced by this global trend, China has developed its own creative industry, and created culture and creative industry clusters in hopes of strengthening its economy and culture. The Songzhuang Culture and Creative Industry Cluster is one of the most well-known. Beginning as a rural village, the development of SCCIC is the result of a combined effort of artists, Songzhuang Township Government, Tongzhou District Government, Beijing Government and private entrepreneurs.

Research found that although SCCIC is planning to be the Capital Arts District in Beijing, there is still has a long way to go. After examining the management model, and public and private support for the cluster, findings emphasized the importance of SAPA for helping to solve the conflicts between artists and management committees. Developing a meditation office inside SAPA would be more acceptable than SCCIC’s Management Committee directly examining artists’ works and activities. Findings also revealed a huge inequity problem for artists inside SCCIC, this results in little protection for the social welfare of artists’ standard of living, and the social inequity problem has only worsened. This paper recommends that the SAPA
provide health insurance plans for registered artists inside SCCIC, this would result in not only diminishing the inequity issue, but also help SAPA to manage artists and attract more talented artists to SCCIC. The government’s support is equally important. Government should keep providing financial and policy support for SCCIC, since the development of infrastructure and projects requires government support. However, the procedures for applying for support should be simplified to avoid time and energy consumption by clusters.

**Recommendation for future research**

Although this paper has provided some recommendations for SCCIC, the development for SCCIC is still unclear, since China has no real experience in developing culture and creative industry. Will SCCIC become Beijing’s Capital Art District in the future, and attract a talented class of people to work within it that help develop creative products which enhances China’s culture soft power and economic power? Or will it become another huge real estate project that attracts investment in skyscrapers and large mansions?

Future research still needs to be done to evaluate if the recommendations of this study would effectively better the management of SCCIC, especially since the effects of these recommendation would be long standing. Other research should focus on the future status of SCCIC. When SCCIC finishes its infrastructure and land development phase, the core of SCCIC may begin working on how to: attract more culture and creative industry investments, industrialize culture and creative product, and best utilize artists’ resources. These questions all require new policies, as well as new management strategies by SCCIC, which should be pursued in future research.
Appendix A

Conceptual Frame

China’s Culture and Creative Industry

Beijing’s Culture and Creative Industry

Songzhuang Culture and Creative Industry Cluster

Public sector
- Culture Policy
- Financial support

Private sector
- Financial support
- Other support

Management mode
- Administration body

Problems for Songzhuang Culture and Creative Industry Cluster

Suggestions for Songzhuang Culture and Creative Industry Clusters


Hearn, G., Roodhouse, S., & Blakey, J. (November 01, 2007). FROM VALUE CHAIN TO VALUE CREATING ECOLOGY. International Journal of Cultural Policy, 13, 4.)


