This article examines the role of historical preservation in the spatial restructuring of postindustrial cities through a detailed case study of Xintiandi, a preservation-based redevelopment project in the inner city of Shanghai. At Xintiandi, two blocks of Shikumen houses, Shanghainese tenements built by Western landlords for Chinese tenants in the colonial period, were turned into a posh entertainment quarter by international developers and architects, with support from local governments. The history of Shikumen as dwellings of lower-middle-class tenants through the twentieth century is being carefully erased. The private-public coalition has repackaged Shikumen into a symbol of Shanghai’s cosmopolitan colonial past by emphasizing its Western-influenced architecture. This article argues that historical preservation, far from hindering urban growth, serves the same development goal in globalizing Shanghai. Historical elements in the built environment are selectively recycled to produce a new transnational space.
poles, a typical scene of old residential neighborhoods of Shanghai. The place has been completely transformed into a “new heaven and earth.”

The renovated old mansion where I am sitting is the private clubhouse of Shui On Group, the development company of Xintiandi. I am waiting to interview Vincent Lo, the president of Shui On Group. The clubhouse is a large spacious mansion three stories high. In the middle of the lobby, a scale model of the Taipingqiao redevelopment project that Shui On has been working on is displayed. Xintiandi is only a small part of the whole project. After a chat with a club security guard, I learned that the house was owned by a wealthy merchant family in the 1930s. After the communist regime took over Shanghai in the 1940s, the family fled overseas, and the house was confiscated by the Shanghai city government. Later, it was allocated to a few working-class families as a residence. During the period of severe housing shortage in the socialist era, more and more families moved into the house. Right before the renovation, this single-family mansion was partitioned and occupied by 36 households. The development company relocated residents, restored the former glory of the mansion, and turned it into its private club. The club is frequently used by Vincent Lo to host Shanghai city officials as well as foreign guests. Recent foreign visitors included Russian president Vladimir Putin, Italian tenor Luciano Pavarotti, and the mayor of San Francisco.¹

Finally, Vincent Lo showed up. He is in his mid-50s, dressed in a chic Shanghai Tung suit with a designer haircut. In a heavy Cantonese accent, he apologized in Mandarin that he was caught up in a meeting with Shanghai’s city officials discussing another development project in the city. Because of his extensive connections with government officials in Shanghai, Vincent Lo is called “the King of Guanxi” in the local business community. Guanxi, in Chinese, means connections. Apparently “the King of Guanxi” is used to being interviewed. He professionally guided me to the scale model in the middle of the lobby, and started telling (again) the success story of historical preservation of Shikumen houses at Xintiandi.

In this article, I examine the role of historical preservation in the process of building Shanghai into a new global city. In China, a country with poor preservation records, pro-growth local governments and private developers never hesitated when it came to tearing down old buildings. During the frenzied urban development in the 1990s, many old neighborhoods and historical sites were bulldozed to make space for modern high-rises. As a result, many Chinese cities have become “cities without histories” (Mars, 2004). However, since the late 1990s, there has been a new movement of historical preservation across the country. Shanghai, the “dragon head” of China, is the forerunner in this race of historical preservation. This article explores the rationale and mechanisms behind the new wave of historical preservation, through a case study of the adaptive reuse of old Shikumen houses at Xintiandi in inner city Shanghai.

What structural forces at the global, national, and urban levels have driven the urban development policy in Shanghai from demolition to preservation? What incentives exist for different agents, for instance, local governments, foreign investors, international architectural firms, local cultural institutions, and residents, in the preservation and redevelopment processes? What types of historical buildings are selectively preserved and recycled for new uses? And to what extent can historical preservation contribute to the building of Shanghai as a global city? By addressing these questions, this article intends to contribute to the sociological investigation of the spatial restructuring of postindustrial cities by reflecting on the role of the historical built environment in the process.
LITERATURE REVIEW

This article draws on three interrelated fields of social inquiry—the political economy of spatial transformations in postindustrial cities, urban regime theory, and the burgeoning literature on urban China.

SPATIAL TRANSFORMATIONS IN POSTINDUSTRIAL CITIES

This study is situated within the literature on the aesthetification of the built environment in postindustrial cities. Many urban theorists have pointed out that following the shift from the Fordist to the post-Fordist mode of production, Western industrial cities have been transformed from production sites into postindustrial cities with strong business service, consumption, and entertainment functions (Harvey, 1989; Soja, 1989; Zukin, 1991, 1995; Dear, 1991; Sassen, 1991; Clark, 2004). Broader socioeconomic forces at the global, national, regional, and urban levels are intertwined, and they work together in reshaping the spatial structures of postindustrial cities. As a result, old urban forms have been rehabilitated to adapt to new uses, and new types of urban spaces are created. The most studied postindustrial urban spaces are gentrified neighborhoods (Zukin, 1982; Lloyd, 2004), waterfront redevelopment (Zukin, 1991; Ehrlich and Dreier, 1999; Marshall, 2001), and emerging cultural districts (Evans, 2003; Frantz, 2005; Bovone, 2005), as well as urban mega projects (Fainstein, 2001; Olds, 2001). As Harvey puts it, “cities and places now, it seems, take much more care to create a positive and high quality image of place” (Harvey, 1990, p. 92). The aesthetification of the built environment and picturesque urban images are typical spatial characteristics of postindustrial cities.

The literature on postindustrial cities is helpful in understanding the urban transformations currently happening in inner city Shanghai. Although the Shanghai metropolitan area as a whole is not yet postindustrial, its nine inner city districts have clearly shifted their economic base from manufacturing to service industries. Manufacturing activities are mostly spread in outer suburban districts (see Figure 1). In 2005, 48.9 percent of the city’s GDP was generated in the manufacturing sectors, and 50.2 percent in the service industries. However, in inner city districts such as Luwan, over 90 percent of the district GDP was generated from service industries. These inner city districts show similar development patterns to those observed in Western postindustrial cities, such as the concentration of specialized producer services, the growth of cultural and creative industries, and the increasing number of low-paid service jobs to meet lifestyle consumption demands of high-income urban professionals in the city’s banking and financial sectors. Therefore, the literature on postindustrial restructuring is applicable to the urban transformations in inner city Shanghai.

A common critique of the political economy approach to urban transformations is that there is no direct one-to-one relationship between general social forces and specific spatial outcomes (Knox, 1991; Hubbard, 1996; Beauregard and Haila, 1997). Old and new broader socioeconomic forces are sifted through local particularities and have differentiated spatial outcomes. In order to make sense of the new types of urban spaces in postindustrial cities, we need also to look at the actors who control the built environment, because these actors are not “simply puppets dancing to the tune of socioeconomic and political logics but rather relatively autonomous agents” (Beauregard and Haila, 1997, p. 328). Therefore, in addition to broader socioeconomic factors that are reshaping
postindustrial Shanghai, this article examines the urban regime of private and public sectors that governs real estate development in the city.

URBAN REGIMES AND GROWTH COALITIONS

Urban regime theory was developed in the 1980s in response to the stalled debate on urban politics, such as the false dichotomy of elitist versus pluralistic views of urban governance. According to Stone (1989), cities are governed by regimes, by which he means an informal yet relatively stable group with access to institutional resources, which has a significant impact on urban policymaking and management. The members of a regime share certain policy objectives such as promoting urban growth, and can profit from their involvement. The utility of urban regime theory in the analysis of spatial transformations...
in postindustrial cities is its emphasis on contextual aspects, namely, the internal coalition building in the arena of urban development policies. The power relationship among different agents within a governing regime can help to explain unpredictable spatial outcomes of development and preservation policies.

Many studies have attempted to apply urban regime theory in the Chinese context. Most of them have basically confirmed the existence of a public-private growth coalition that controls the urban development policies in Chinese cities (Zhu, 1999; Fu, 2002; Zhang, 2002; Zhang and Fang, 2004; He and Wu, 2005). According to these studies, the urban regime that governs many Chinese cities is characterized by strong municipal and district governments, cooperative but weak private sectors, and the lack of community organizations. In this article, through the case study of the preservation-based redevelopment at Xintiandi, I argue that the internal structure and power relationship of the urban regime governing Shanghai’s real estate development is more complex than the simplified “strong public–weak private–no community” model. If there is a regime in the making in the arena of urban development in globalizing Shanghai, it might be best described as an informal and project-based coalition of international and domestic business, governmental, professional, and cultural elites under constant challenges from community residents.

URBAN CHINA RESEARCH

In a recent article on the intellectual history of urban studies, Davis (2005) argues that in the past decades there has been a refocus in urban research on hegemonic cities such as New York and London. In the non-Western context, cities in economically rising regions have received far more attention than others. This statement captures well the thriving research about urban China. Since the 1990s when the Chinese economy took off, there has been an explosion of literature on urban China, much of which is focused on Shanghai, the most globalized Chinese city.3

Three common characteristics can be singled out in this body of literature. First, there is a high awareness about economic globalization and its impact on the spatial structures of Chinese cities, as seen in the studies of the impact of transnational corporations (Yeung and Li, 1999) and foreign direct investment on urban spatial patterns (Wu, 2000, 2003; Yusuf and Wu, 2002; Zhang, 2003). Second, most studies are focused on the institutional changes that have unleashed urban economic growth in China, such as the land reform (Li, 1997; Zhu, 1999, 2002; Wu, 1997), housing reform (Zhou and Logan, 2002), decentralization of state power, and the rise of local entrepreneurial urban governments (Zhu, 1999; Wu 2000, 2003; Han 2000; Zhang 2003). These studies on the global and local dimensions of place-making have greatly improved our understanding of urban transformations taking place in China.

Thirdly, a major drawback of urban China research is its ahistorical nature. Celebrations with superlatives about the “newness” of Chinese cities have become commonplace in this literature. Historical continuities are at best traced to the socialist period (1949–1978), with the “new” Chinese cities after the market reform contrasted with socialist Chinese cities. By posing dichotomies such as state versus market, or socialist versus post-socialist, what is largely left unexamined is the vast historical accumulation in the built environment that can not be organized under such dichotomies, such as historical neighborhoods and
architecture dating back to the pre-1949 era. The studies on Shanghai largely overlook the way historical buildings from the city's colonial past (1840s–1940s) are recycled in the current global city building process. The study of new spatial patterns in postindustrial Shanghai needs to take into account historical continuities. This article examines how the symbolic value of (certain) historical architecture is rediscovered and quickly capitalized by both local and global players of the governing urban regime.

RESEARCH METHODOLOGY

The materials used in the analysis include fieldwork data and secondary sources. Between July 2004 and August 2006, I conducted a total of seven months of fieldwork in Shanghai, and about 40 in-depth interviews with the developers, architects, urban planners, city and district government officials, journalists, and academics who are involved in and knowledgeable about the Xintiandi renovation project. Each interview lasted from 30 minutes to three hours. During my fieldwork, I frequently visited Xintiandi Square, both during the daytime and at night, in order to observe how the place is used by tourists and shoppers on an everyday basis. I attended various festivals, cultural and promotional events taking place at Xintiandi to examine how the place is continuously marketed with these programs. I also conducted group interviews with the local residents in the surrounding neighborhoods. These are mostly low-income families who refused to be relocated for the next phase of the redevelopment project. Since relocation is still a politically sensitive issue in China, the reports on the topic are censored in most media outlets, I expected that the residents would be afraid to talk. Contrary to my expectation, the residents were eager to have their voices heard. The first interview with residents took place in an alley, with everybody standing; it lasted three hours, and the same for the following two visits. In combination with the fieldwork data, I have also used reports, documents, and statistics on Shanghai’s urban development and preservation, published from government, private sources, and mass media.

FROM CHAI (DEMOLITION) TO BAO (PRESERVATION)

Shanghai experienced massive demolition in the 1990s. In 1992, Deng Xiaoping’s tour of Southern China marked the real beginning of the pragmatic market reform. In the same year, at the Sixth Communist Party Congress of Shanghai, the Shanghai municipal government announced the famous 365 Plan, indicating that by the year of 2000, the city would finish demolishing 365 hectares of “decrepit houses” (weifang, in Chinese), which were only vaguely defined. The famous slogan—“Changes Every Year, Transformations Every Three Years”—was proposed by the Shanghai city government at this time.

Land and housing reforms are the two institutional reforms crucial for the implementation of the massive urban renewal programs. The housing reform abolished the system of free housing allocation by work units to their employees, a practice dating back to the 1950s. Since the 1980s, housing became a commodity that can be transacted at the market (Wang and Murie, 1996). Similarly, the land reform abolished (only partly) the practice of allocating land by governments to state-owned enterprises, and turned land into a commodity to be exchanged at the emerging land market (Zhu, 2005). Municipal and district governments were authorized to transfer urban land to private developers in
return for a substantial land leasing fee. In Shanghai, the first piece of land was leased to foreign investors in 1992. By 1995, 9,214 hectares of urban land were leased, and the leasing fee obtained by the municipal government amounted to $84.6 million (Xu, 2004). Housing and land reforms did away with the institutional constraints that had prevented urbanization and development in the 40 years of the socialist era, and greatly decentralized power to municipal and district governments so that entrepreneurial measures can be taken to attract investments and promote growth.

To achieve the goal set up in the 365 Plan, the Shanghai city government issued a series of policies to speed up the demolition and redevelopment. Document No. 18, issued by the Department of Construction in 1996, authorized district governments the approval right for applications of redevelopment proposals from private developers, and thus further decentralized power from municipal to district levels. Moreover, the city government reduced all kinds of taxes and fees that should have been levied on private developers. In some cases, even the land leasing fee, the major revenue source for local governments, was reduced. For example, among the five grades of differently ranked urban land, non-prime land from the third to the fifth grade was leased to private developers at 40 to 60 percent discount (Xu, 2004).

Due to the limited market demand for commodity housing and offices in the mid 1990s, it was a daunting task to demolish 365 hectares of “decrepit houses.” By 1997, there were still 125 hectares left to be demolished. In 1998, the Department of Construction issued Document No. 33, which further reduced the land leasing fee, and in addition, provided subsidies to private developers partaking in the 365 Plan. According to Xu (2004), developers were awarded from $40 to $110 for every square meter demolished. The subsidies varied by project location and housing condition. Finally, in 2000, the city government announced that the 365 Plan was successfully accomplished. According to official statistics, during the 1990s, 27 million square meters of old housing were demolished, 640,000 households were relocated—mainly from inner city districts to suburbs, and one billion square meters of new housing was constructed (see Tables 1 and 2). Many historical buildings and neighborhoods were bulldozed in the implementation of the 365 Plan.

Since the end of the 1990s, Shanghai city government has shown a steady move toward historical preservation, by passing a series of preservation laws and landmarking a large number of cultural heritage sites.

<table>
<thead>
<tr>
<th>Year</th>
<th>Households Relocated</th>
<th>Area Demolished (in million sq. m.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>73,695</td>
<td>2.54</td>
</tr>
<tr>
<td>1996</td>
<td>86,481</td>
<td>2.59</td>
</tr>
<tr>
<td>1997</td>
<td>77,388</td>
<td>3.63</td>
</tr>
<tr>
<td>1998</td>
<td>75,157</td>
<td>3.44</td>
</tr>
<tr>
<td>1999</td>
<td>73,709</td>
<td>2.48</td>
</tr>
<tr>
<td>2000</td>
<td>68,293</td>
<td>2.88</td>
</tr>
<tr>
<td>2001</td>
<td>71,909</td>
<td>3.87</td>
</tr>
<tr>
<td>2002</td>
<td>98,714</td>
<td>4.85</td>
</tr>
<tr>
<td>2003</td>
<td>79,077</td>
<td>4.75</td>
</tr>
<tr>
<td>Total</td>
<td>704,423</td>
<td>31.04</td>
</tr>
</tbody>
</table>

number of historical buildings. First of all, the city has rapidly expanded the list of historical buildings designated for preservation from a mere 50 to more than 700 locations. The first list of historical buildings for preservation was generated in 1989 with only 50 locations listed. In 1994, a second group of 175 locations was added. Five years later in 1999, another 162 locations were designated for preservation. In 2004, a group of 235 locations with more than 600 buildings were listed by Shanghai Cultural Heritage Bureau for preservation. The buildings listed for preservation are predominantly Western-style architecture from the colonial period before 1949. Buildings from the following socialist era are mostly regarded as worthless for preservation and eligible for demolition as they age. Only recently, responding to the criticisms about the lack of preservation for architecture from the socialist era, a few buildings built after 1949 were added to the preservation list.

Secondly, in addition to the preservation of individual buildings, there is another initiative to preserve large areas with multiple heritage sites. In 2003, the city government designated 12 Historical and Cultural Heritage Areas (Lishi wenhua fengmao baohuqu, in Chinese) for preservation, with a total of 27 square kilometers of area coverage. This is roughly one third of the inner city area of Shanghai. Among the 12 areas, nine were chosen because of the presence of a large number of historical buildings from the colonial period, such as the Bund, which was the former International Settlement, and Hengshan Road—the former French Concession (see Table 3). In March 2005, the city government proposed to add another 30 Historical and Cultural Heritage Areas in Pudong New District.

**TABLE 2.** The Increase of High-Rise Buildings in Shanghai: 1980–2003

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>8–10 story</td>
<td>78</td>
<td>207</td>
<td>536</td>
<td>742</td>
<td>874</td>
</tr>
<tr>
<td>11–15 story</td>
<td>33</td>
<td>244</td>
<td>684</td>
<td>1,217</td>
<td>1,616</td>
</tr>
<tr>
<td>16–19 story</td>
<td>7</td>
<td>145</td>
<td>831</td>
<td>1,101</td>
<td>1,251</td>
</tr>
<tr>
<td>20–29 story</td>
<td>3</td>
<td>137</td>
<td>1,266</td>
<td>1,518</td>
<td>1,556</td>
</tr>
<tr>
<td>Above 30-story</td>
<td>0</td>
<td>15</td>
<td>212</td>
<td>338</td>
<td>374</td>
</tr>
<tr>
<td>Total</td>
<td>121</td>
<td>748</td>
<td>3,529</td>
<td>4,916</td>
<td>5,671</td>
</tr>
</tbody>
</table>

*Source: Shanghai Statistics Yearbook (2004).*

**TABLE 3.** The Twelve Historical and Cultural Heritage Areas

<table>
<thead>
<tr>
<th>Heritage Areas</th>
<th>Targets for Preservation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 The Bund</td>
<td>Neo-classical and art-deco buildings in the former International Settlement</td>
</tr>
<tr>
<td>2 People’s Square</td>
<td>Revolutionary sites and modern architecture</td>
</tr>
<tr>
<td>3 Old City</td>
<td>Traditional Chinese city</td>
</tr>
<tr>
<td>4 Hengshan Road &amp; Fuxing Road</td>
<td>Garden villas in the former French Concession</td>
</tr>
<tr>
<td>5 Hongqiao Road</td>
<td>Suburban villas from the colonial period</td>
</tr>
<tr>
<td>6 Shanyin Road</td>
<td>Modern Shanghainese dwellings</td>
</tr>
<tr>
<td>7 Jiangwan</td>
<td>Modern urban planning</td>
</tr>
<tr>
<td>8 Longhua Road</td>
<td>Revolutionary sites and religious temples</td>
</tr>
<tr>
<td>9 Tilanqiao Road</td>
<td>Jewish quarter in the 1930s and ’40s</td>
</tr>
<tr>
<td>10 West Nanjing Road</td>
<td>Former International Settlement</td>
</tr>
<tr>
<td>11 Yuyuan Road</td>
<td>Chinese and Western-style architecture from the colonial period</td>
</tr>
<tr>
<td>12 Xinhua Road</td>
<td>Garden villa</td>
</tr>
</tbody>
</table>

*Source: www.shanghai.gov.cn.*
and outer districts, for a total of 12 square kilometers. There are no general guidelines yet for preservation practices in these Historical and Cultural Heritage Areas. However, like the frenzy of the 365 Plan, local district governments rushed to identify and encircle more sites as preservation zones, anticipating the potential economic return. Design competitions are frequently organized by district governments, and a large number of international architectural firms have been invited to work on different preservation projects in the city.

Compared to Western cities with a longer history and more systematic institutional infrastructure for historical preservation, Shanghai is still in its beginning stage of preservation practices. Most efforts are concentrated on landmark legislation and law enforcement. The discussions among local preservationists are mainly focused on technical and financial aspects of historical preservation. Social preservation—a practice of not only preserving historical buildings but also consciously preserving the lifestyles of residents (Brown-Saracino, 2004)—is rarely seen in Chinese cities. In many preservation cases including Xintiandi, only the shells of old buildings are preserved, while original residents are all displaced.

The preservation-based redevelopment in inner city Shanghai is different from gentrification processes in Western cities. Zukin and others define gentrification as the movement of young, affluent professionals into the central city in search of affordable housing in close proximity to employment opportunities, for both economic and cultural reasons (Zukin, 1982). The inner city redevelopment in Shanghai and other Chinese cities differs from gentrification processes in three major aspects. First, the redevelopment programs are mostly initiated and directed by municipal and district governments, such as the 365 Plan mentioned above. Second, the newcomers are not young, well-educated, and affluent urban professionals. Instead, they are wealthy Chinese—both locals and people from other provinces, and foreign expatriates, who can afford the highest rent in the inner cities. Third, the motivations for resettlement differ. In China, the newcomers did not resettle in the inner cities in order to “live close to work,” nor are they motivated by the spirit of “frontier and salvation,” to quote from Zukin (1982). Instead, the resettlement of higher-income social groups in inner cities is largely driven by expectations for financial return from appreciation of properties. The commonality between gentrification in Western cities and inner city redevelopments in China is the result: rising property values and displacement of original lower-income residents.

The nature of historical preservation efforts in Shanghai is highly pragmatic. Historical preservation is driven by expectations for potential economic return, through raising property prices as well as attracting investment and tourists. Old historical buildings in Shanghai, once regarded as worthless in the frenzied development boom of the 1990s, have been rediscovered for their economic value. In 2004, Wu Jiang, a former architecture professor at Tongji University and currently the head of Shanghai Municipal Planning Commission, announced that the city government would welcome the participation of private investors and developers in the preservation of Shanghai’s historical buildings and that major contributors would be awarded government subsidies. Han Zheng, the mayor of Shanghai, delivered a new slogan in August 2004—“Building new is development, preserving old is also development.” The new slogan summarizes well the nature of historical preservation efforts in Shanghai: preservation is another instrument, a more sophisticated one than demolition, employed by the local coalition to achieve urban growth.
XINTIANDI: THE NEW HEAVEN AND EARTH

The preservation-based redevelopment at Xintiandi is widely regarded as the turning point that marks the shift in the government’s policy from Chai (demolition) to Bao (preservation). While there were several other preservation-based redevelopment projects in Shanghai previously, none of them have been as commercially successful as Xintiandi, nor have they attracted the same media spotlights nationally and internationally. Municipal and district governments, private developers, and international architectural firms collaborated to rehabilitate and transform two blocks of old Shikumen houses from the 1930s into a quarter of coffee shops, restaurants, and nightclubs. Since its opening in 2001, Xintiandi has become the top entertainment and tourist destination in Shanghai (Wai, 2006). Xintiandi’s success has helped to raise the property value in the area significantly and turned the surrounding area into the most expensive real estate in the city. The project has significant impact on urban policymaking in Shanghai and beyond. It has generated a new awareness among government officials and developers concerning the economic potential of historical buildings. By examining the redevelopment process of Xintiandi, this section addresses two questions: how are the different agents mobilized in the course of the project? And how is history—in this case, the material history of Shikumen houses from the 1930s—reinterpreted to suit the new development goal of making Shanghai into a global city?

A BRIEF HISTORY OF SHIKUMEN HOUSES

Before redevelopment, the area of Xintiandi consisted of dilapidated Shikumen houses. Shikumen houses are residential row houses built by Western landlords for Chinese tenants in the former foreign concessions of Shanghai. Foreign concessions were established in Shanghai in the 1840s after China lost the Opium War. Shanghai was forced to open as a treaty port, and the city was divided into three parts—the old Chinese city, the French Concession, and the International Settlement of British and American territories. Each of the three parts had its own police, courts, and jurisdiction. In the 1860s, to escape from the upheavals of Taiping Rebels (1851–1864), a large number of refugees flooded into Shanghai from nearby provinces. For many of these refugees, the destinations were foreign concessions, which were relatively safer than other parts of the city. Targeting this influx of Chinese migrants, Western landlords started building Shikumen houses in the foreign concessions. This was the first wave of Shikumen construction. Later in the 1920s, when the French concession expanded westward and incorporated more territories, Shikumen construction peaked again. Most of the Shikumen houses that remain today were built in the 1920s and 1930s—the golden age of colonial Shanghai (Luo, 2002).

Originally designed by European architects, Shikumen blends European architectural elements such as slate-gray bricks and French windows with Chinese features such as courtyards and stone gates. In the Shanghai dialect, Shikumen means “gates-wrapped-in-stone.” A Shikumen gate is made of two wooden planks wrapped by a stylish stone frame, with a big bronze ring fixed on each, and elaborated stone sculptures on top. Behind the Shikumen gate is a courtyard, and further inside is a living room, locally known as a parlor. Then there is the back courtyard, kitchen, and back door. To the sides of the courtyard and the parlor are the right and left wing rooms. The layout of the second floor is similar.
to the one below, except that there was a garret above the kitchen covered by a flat roof. To maximize the efficiency of land, Shikumen houses were built on two sides of narrow lanes no more than four meters wide. Houses were connected, with their Shikumen gates facing the main lane. At the end of a lane, there was a bigger gate, which separated the neighborhood from outside. Houses facing the streets were used for shop fronts, and those inside for residence. The closed structure of Shikumen neighborhoods with its multiple layers of gates and walls was popular among the migrants longing for security and safety in the chaos of colonial Shanghai.

Shikumen housing was the major residential form in Shanghai until the 1980s. Except for the very rich and very poor, most residents in Shanghai lived in Shikumen houses. Wealthier families occupied larger units in Shikumen neighborhoods in prime locations, and less well-to-do families crowded in smaller units in less desirable locations. A large block of Shikumen houses could have hundreds of households, while a smaller one was usually comprised of eight to ten households. In 1949, when the communist regime took over Shanghai, there were about 9,000 locations of Shikumen houses, accounting for 64 percent of the total built area of the city.7

In the socialist era, most Shikumen houses deteriorated quickly for lack of repair and overcrowding (Figure 2). Because of the limited resources of local governments, very few new housing projects were constructed in this period; in the meantime the city experienced a sharp population growth. As a result, Shikumen houses, originally designed for single-family uses, were divided to accommodate multiple households. Families shared common kitchens and bathrooms, and overcrowding was a common problem for most Shikumen neighborhoods. By the early 1990s, a large proportion of Shikumen houses had become densely populated slums with poor sanitary conditions. However, in the

FIG. 2. Old Shikumen Row Houses Before Renovation.
redevelopment project of Xintiandi, the slum image of Shikumen houses was carefully erased by international developers and their hired design professionals. The history of Shikumen is rewritten: the decayed row houses are now a symbol of Shanghai’s glamorous colonial past.

THE PUBLIC-PRIVATE COALITION AT WORK

In 1996, Shanghai Luwan district government signed an agreement with Shui On Group (Hong Kong) to develop the Taipingqiao area where Xintiandi is located. In the Shanghai dialect, good neighborhoods are called Shangzhijiao (upper corner) and bad ones are called Xiazhijiao (lower corner). Taipingqiao was a typical “lower corner.” Although located near the former French concession, Taipingqiao was actually a “zone in transition.” It was bounded by exclusive villas and mansions of the French concession on the west, the Old Chinese City on the east, the up-scale shopping boulevard, Huaihai Road, on the north and Zhaojiabang shanty town (penghuqu, in Chinese) on the south. According to Luo (2002), by 1949 the residents in Taipingqiao were mostly lower-middle class families. In the 1990s, the area covered 52 hectares of land and consisted of 23 residential neighborhoods with some 70,000 residents and 800 work units. There were more than 200 lanes of Shikumen houses in the area, built between the 1900s and 1930s, with a total built area of one million square meters.

Shui On Group could not have secured the development rights of the 52 hectares of prime inner city land without good relations with high-ranking city officials. Vincent Lo, the president of Shui On, entered mainland China’s real estate market as early as 1985, when the country had just opened up to foreign investment. Over the years, he has gradually built good connections with city and district government officials in Shanghai. In 1985, Vincent Lo partnered with the Shanghai Branch of the Communist Youth League and built the modest City Hotel. When the City Hotel went into debt in the late 1980s, Vincent Lo used his own resources to help finance the hotel. It was through this collaboration that Vincent Lo started building his political capital in Shanghai. Many of the mid-level bureaucrats of the 1980s were promoted to high-ranking positions in the 1990s. Han Zheng, the leader of the Communist Youth League in the 1980s, has now become the mayor of Shanghai. Although foreign developers are in a relatively disadvantaged position compared to domestic developers because of a lack of connections with government, Shui On Group has reversed the situation through a long and patient courtship with local politicians. As Vincent Lo commented in the interview, “now many of these people have moved up to very senior positions, and we have been through some hard times together, so our friendship has a solid base.”

According to the contract signed between Shui On Group and the district government, the company will provide capital for the redevelopment, and the Luwan district government will provide subsidies and take responsibility for the relocation of residents. The 52 hectares of land in Taipingqiao was leased to the company for 50 years. Shui On Group agreed to invest three billion US dollars over the next 15 years, which is 97 percent of the total investment. The remaining 3 percent is provided by the Fuxing Development Corporation, a state enterprise owned by the Luwan district government. According to the agreement, two or three blocks would be leased out every year for redevelopment based on negotiated land prices (He and Wu, 2005). Around 2002, Vincent Lo made three trips...
to the U.S. and Europe to drum up investment. He managed to borrow 45 million US dollars from four banks—Citigroup Venture Capital International, Standard Chartered Bank, Value Partners, and Jebsen and Co. The balance will be paid by the Shui On Group itself (from an interview with Vincent Lo).

The developers had great autonomy in deciding the pace, direction, and magnitude of the redevelopment. In 1997, due to the Asian economic crisis, Shui On decided to delay the construction of office buildings and luxury apartments and begin the rehabilitation of Shikumen houses and the construction of Taipingqiao Park. With help from the Luwan district government, it took only 43 days to relocate 3,800 households and 156 work units in order to make way for Taipingqiao Park (from an interview with a district official). From October 2000 to June 2001, a brand new urban park of 30,000 square meters and an artificial lake of 10,000 square meters were built on the site of four former residential neighborhoods. The construction of Taipingqiao Park cost one billion RMB, which were put together by Shui On, the city, and district governments. The three parties collaborated closely throughout the redevelopment project.

INTERNATIONAL ARCHITECTURAL FIRMS

International architectural firms played a crucial role in creating the hybrid spatial design of Xintiandi. Skidmore, Owings, and Merrill, a well-known architectural firm based in Chicago, was invited to draft the master plan for the development. Shui On commissioned another American design firm, Wood & Zapata, for the renovation work because the principal architect, Benjamin Wood, had the experience of renovating Boston’s 150-year-old Faneuil Hall Market. At one corner of Xintiandi is the Communist Party Hall. Eighty years ago, Mao Zedong and his thirteen comrades held the first meeting of the Chinese Communist Party (CCP) here. As the birthplace of the CCP, the old Party Hall is listed as a national landmark, and cannot be demolished. The developer’s original idea was to preserve the CCP building, tear down the surrounding Shikumen houses, and build luxury low-rise villas. However, Benjamin Wood persuaded Vincent Lo to preserve the whole two blocks of Shikumen together with the CCP building and turn the area into a festival market place like the Faneuil Market in Boston. Having worked on different renovation projects in the U.S., Benjamin Wood knew about the economic potential of historical architecture.

The two neighborhood blocks at Xintiandi were densely packed with about 30 lanes of Shikumen houses. To create a more open composition, architects at Wood & Zapata first removed many of the crumbling houses. About 100 Shikumen houses were kept in their original positions. In the north block, most of the original buildings were kept, while in the south block, a modern shopping complex replaced many Shikumen houses. The facades of the old houses were repaired, and the original color and texture were restored. Local architectural historians served as consultants to ensure authenticity. The interior space was gut-renovated by one of Shanghai’s best interior design firms. The slate-gray bricks and stones from old residences were used for new construction and pavements for pedestrian streets. The heavy wooden gates were replaced with glass storefronts displaying brand luxury goods. The architects also turned a well-kept Shikumen house into a museum, which features a permanent exhibition showing the everyday life of former Shikumen residents in colonial Shanghai. Old family photos, furniture, and other objects are carefully

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selected and arranged to reproduce a modern image of Old Shanghai. According to the museum’s brochure, the typical family living in Shikumen houses in the 1930s was a well-to-do middle-class family who sent their children to English-speaking schools, went to theatres on weekends, watched Hollywood movies, and listened to Jazz.

Not all histories are equally marketable. Only those with connections to the colonial period of Shanghai are actively preserved in an attempt to show that Shanghai was once an international metropolis. In contrast, the history of Shikumen as decrepit slums throughout most of the twentieth century is carefully erased. The rehabilitated Shikumen is turned into a symbol that projects Shanghai’s bright global future by linking to the city’s colonial past.

The Shikumen architecture and museum exhibits might be interpreted as cultural references evocative of a nostalgic localism, instead of references to cosmopolitanism. However, contrary to the common juxtaposition of localism and cosmopolitanism, in the age of globalization, local cultural elements have become a constitutive part of cosmopolitanism. When cities become more homogeneous with global flows, local cultural differences become rare commodities sought after by mobile global consumerist elites. For the audience of foreign expatriates and wealthy Chinese to whom Xintiandi is marketed, cosmopolitanism includes not only international brand shops, but also local exotic cultural elements such as refurbished Shikumen. For Chinese visitors, the place looks foreign and modern. For foreign visitors, Xintiandi looks Chinese and traditional. It is the juxtaposition of the old and the new, the Chinese and the foreign that has generated a hybrid diversity that constitutes the cosmopolitan. Shanghai’s Shikumen houses never looked as polished as those at Xintiandi. Here, the old historical fabric of Shikumen is used as a component in the creation of a completely modern space (Figure 3).
Shui On carefully limited their commercial tenants only to high-end image-savvy luxury shops. Among the 79 tenants in the renovated buildings, a majority (41) are upscale restaurants, bars, nightclubs, and coffee shops. Another 27 are fashion, art, and gift shops. The rest are composed of boutique hotels, beauty spas, and a cinema complex. The Shikumen setting is frequently used by marketers to differentiate Xintiandi from other shopping and dining venues in the city. For instance, a French restaurant housed in a former Shikumen named itself “Shikumen Bistro.” Although the price range of these shops is out of reach for most Shanghai residents, the growing population of foreign expatriates and wealthy Chinese has brought a steady supply of consumers to the high-end shops at Xintiandi. Xintiandi has also become a tourist mecca since its opening. About 30,000 people stroll through shops at Xintiandi on a daily basis. According to Shui On’s estimates, about 70 percent of the visitors are Chinese, and 30 percent are foreign tourists and expatriates. The place becomes jam-packed in major holidays and high tourist seasons.

Xintiandi symbolizes how Shanghai has been increasingly integrated into the global economy and how new consumption patterns have been generated as a result of locals adapting to global cultural traits. Until recently, restaurants in China did not have outdoor cafes. However, the sidewalk cafes at Xintiandi are even more popular than places with indoor tables, because the theatricality created by the spatial design makes Xintiandi Square a place to watch people and to be seen. The place is especially popular among young and affluent urban professionals. One of my interviewees, a female office worker in her early 20s, told me that she would come here two to three times a week, hanging out with friends in bars and clubs, and that she would feel old-fashioned if she did not visit Xintiandi often.

Xintiandi’s success has pushed up the property values in the nearby area, which is developed by the same Shui On Group. Lake Ville, a high-end luxury apartment complex near Xintiandi, was sold out even before it was released at the market at the price of $6,000 per square meter, which is the most expensive property in Shanghai. After Xintiandi, Shui On acquired development rights of several other high-profile projects in Shanghai. Right now, the company is developing the Knowledge and Technology Hub in Yangpu district. The success of Xintiandi has also paved the way for Shui On to enter the real estate markets in other Chinese cities. Mayors from other cities have sent invitations to Vincent Lo and Benjamin Wood asking to clone Xintiandi in their cities. The first clone—Xihu Tiandi, developed by Shui On and designed by Wood & Zapata—is nearing completion in the city of Hangzhou.

Media and local academic institutions played an auxiliary role in promoting Xintiandi. Immediately after its opening in 2000, Xintiandi attracted a wide range of media coverage from both the local and international press. Most media reports uncritically embraced the transformation of the place and identified Xintiandi as a symbol of Shanghai’s global future. However, the media carefully ignored less glamorous issues, such as the demolition of Shikumen houses in surrounding areas and the displacement of residents. Local
academic and cultural institutions are also active players in promoting Xintiandi. The Department of Architecture and Urban Planning at Tongji University has worked closely with Shui On as consultants. In 2002, the faculty and students at Tongji University published the first book dedicated to Xintiandi’s success—*Shanghai Xintiandi* (Luo, 2002). The book highly praised the preservation-based redevelopment led by Shui On and suggested that the “Xintiandi model” be employed in other preservation cases in Shanghai and other cities (Luo, 2002, p. 74–75). Local architecture and planning journals competed with each other to publish articles featuring the restoration of Shikumen houses at Xintiandi. Together with local governments and international developers, the professional and cultural elites—architects, planners, and design consultants as well as the media, are active boosters who have helped turn Xintiandi into a new icon.

After Xintiandi, local architects and planners experimented with alternative preservation models, trying to preserve more features of historical architecture than just the facades, as well as improve living conditions for the residents without much displacement. Several pilot preservation projects have been carried out in places such as Duolun Road, Wujiaochang, and Tilanqiao. Although Xintiandi is no longer the only preservation model in Shanghai, the project has nevertheless marked a turning point in Shanghai’s urban development processes by generating an awareness of the economic potential of historical preservation.

**RELOCATION OF RESIDENTS AND COMPENSATIONS**

The glamorous space of conspicuous consumption at Xintiandi is multiplied in its theatricality when contrasted with the nearby poor neighborhoods. Across Taicang Road, the northern boundary of Xintiandi, is a cluster of old Shikumen houses scheduled to be pulled down. This is part of the next phase of the Taipingqiao project. During my fieldwork in the summer of 2005, about 300 families refused to accept the compensation offered by Shui On and to resettle elsewhere. A year later, in the summer of 2006, only thirty families were staying. The remaining families are those with fewer resources and special needs. To oust the residents, demolition companies hired by Shui On tore down most of the empty buildings and left construction debris uncollected on the ground. On some occasions, water and electricity supplies were cut off. The families have to live amidst this environment of dirt, noise, and waste. And just across the street they can see the fancy shops and wealthy consumers at Xintiandi.

The negotiation process between the city government, developers, and local community is an informal but coercive one. First of all, the developers do not engage in any dialogue with the local community. According to the agreement reached between the Luwan district government and the Shui On Group, it is the district government’s responsibility to relocate residents. Shui On hired specialized demolition companies (*chaiqian gongsi*, in Chinese) for site clearance. The demolition companies are paid a lump sum by Shui On, which includes compensation for residents and demolition costs. Secondly, the negotiation between the district government and residents is an informal process, carried out on a one-to-one basis. Together with monetary compensation, the Luwan district government uses a combination of other offers to persuade residents to move out, such as job offerings to certain family members, the provision of ready apartment units in exchange for the current ones, or offering retirement pension and medical insurance for
elderly family members. Specific terms are negotiated according to each family’s needs, and resettlement plans vary case by case (from interviews with Luwan district officials). Thirdly, although the negotiation with residents is a flexible and informal process, it is also a coercive one. If a family has members working in the public sector, such as government branches, work units, and schools, the Luwan district government puts pressure on these public employees, asking them to persuade their families to move out. The remaining 30 or so families will be forcibly relocated by December 2006 even if they do not agree to the compensation packages. The final deadline was decided by the municipal government for the construction of a new subway line in the area, which is a part of Shanghai’s ambitious mass transit program (from interviews with Luwan district officials).

The unfair compensation is the single most important factor explaining why some families have refused to move. In the first phase of replacement, relocated families were compensated at an average of $15,600. This was considered a good term in 1997, and many families were content to take the monetary compensation and left. However, real estate prices in Shanghai skyrocketed in the next few years. Although the compensation was raised to $20,000, it is far from enough to purchase an apartment unit in the city. The families are mostly lower-income residents living in extremely crowded conditions. Since the calculation of compensation is based on living area (i.e., square meters) instead of the number of residents, it is impossible for these families to buy an apartment in the city that is large enough to accommodate all family members. The families have been negotiating with the local government for on-site relocation. Here are some quotes from my group interviews:

Resident A (a man in his 50s): My family has lived here for three generations. Before the Liberation (1949), my grandfather bought the house. I have the contract. I don’t want to live in the suburbs. There are no hospitals. It takes hours to get to the city and see a doctor by bus.

Resident B (a woman in her 60s): The compensation by living area is unfair. Most families here are big families squeezing in small apartments. The compensation should be based on counting people, not square meters. . . the government and developers don’t talk to us directly. We can only negotiate with demolition companies. They are thugs. Sometimes they beat people up, and break our windows. We don’t do protests and demonstrations, because police will arrest us. But we will stay till the last minute.

Resident C (a young woman in her early 30s): Now I’m unemployed. But I can still make a living here in the city center by collecting bottles and cans for recycling. Each makes 5 cents, and I don’t starve. What can I do in suburbs? We don’t want to move elsewhere. We don’t want compensation. We want a flat in those high-rises after redevelopment.

Resident D (a man in his mid-40s): Vincent Lo lives just across the street. But he never paid a visit to us. He built a park, but not for us. There are always concerts and all kinds of events, but we can’t afford a ticket. And they block the roads to the park when there are events. . . The Shikumen preserved at Xintiandi is not real Shikumen. They’re expensive shops for the rich people. This (pointing to the neighborhood) is the real Shikumen.
CITY & COMMUNITY

The rage and discontent of residents focus on unfair compensation, forced demolition, poor infrastructure in suburbs where cheaper apartments are available, and the increasing income gap between the rich and the poor. For these residents, the polished Shikumen at Xintiandi just across the street does not evoke any nostalgia and familiarity. Instead, it is a constant reminder of the increasing inequality between the rich and the poor. The economic profit of historical preservation of Shikumen is captured only by private business and local governments. Neighborhood residents have to bear the cost of the redevelopment.

The negotiation process at Xintiandi reflects the conflicts over land appropriations and the changing state response nationwide. During the 1990s, forced demolition and relocation were the major response from local governments when handling resistance from residents. As a result, the number of popular protests sharply increased in major cities. These popular protests are seen as the major threat to political stability by the central government. In 2003, the new administration led by Hu Jintao and Wen Jiabao proposed a call for “building a harmonious society,” and issued a series of social policies in an attempt to balance the unequal distribution of the wealth generated from the market reform. Relocation of displaced residents is listed at the top of the policy agenda. Local governments and private developers are no longer allowed to push through redevelopment projects by means of forced demolition, and appropriate treatment of residents is required by law. Although there are not yet official channels for residents to participate in the decision-making processes of urban development, the changing state response indicates the gradually emerging civic sphere in urban China.

DISCUSSION AND CONCLUSION

Through a case study of the preservation-based redevelopment at Xintiandi, this article has analyzed how old Shikumen houses have been transformed by global and local players into a modern space for conspicuous consumption. In the arena of preservation and redevelopment, the power relationship in the governing urban regime in Shanghai is far more complex than the “strong public–weak private–no community” model, as suggested by previous studies. First of all, this article has shown that international architectural firms, media, and local universities are all part of the growth machine. Among these actors, international architectural firms have played a crucial role in creating hybrid new spaces in postindustrial Shanghai. The international architectural firms have “educated” private developers on how to profit from historical buildings, and working together, they have produced an urban spectacle at Xintiandi. Second, although private business has limited impact on urban governance in general, a handful of business elites with strong connections with the local government can have a tremendous impact on the direction, pace, and magnitude of urban development. Private developers especially have great autonomy in determining the spatial design of their projects. Once a contract of development is signed, conjuring an image for the project will be all left to developers. Lastly, although residents are not yet formally organized to make an impact on urban governance, their informal resistance has significantly changed the pace of urban development, and forced the state to change its response to resettlement issues. The nature of the negotiations between the government, developers, and residents is informal but coercive. If there is a governing urban regime in the making in Shanghai, it might be best described as an
informal project-based coalition of international and domestic business, governmental, professional, and cultural elites under constant challenges from community residents.

The nature of historical preservation in Shanghai is highly pragmatic. The practice of historical preservation serves the goal of building Shanghai into a global city. Historical architecture is preserved not for its value as cultural heritage, but for the potential economic return. The symbolic capital of Shikumen architecture is transformed into economic and political capital by various actors. Private developers have used the unique Shikumen setting to market their properties and further accumulate political capital to have access to other development projects. Local governments have used Xintiandi as a new icon to promote Shanghai as a global city. In the process, historical elements are selectively recycled. Only those elements with international lineages are highlighted. The history of Shikumen is rewritten by international and local actors who have turned Shikumen into a symbol of Shanghai’s cosmopolitan past and global future.

Triggered by Xintiandi’s success, Shanghai’s urban development policies have shifted from demolition to preservation since the late 1990s. The policy shift is the result of multiple structural forces at global, national, and urban levels working through the preexisting local built environment. At the global level, Shanghai has increasingly integrated itself into the global economy, and a large amount of investment capital from overseas is poured into the city’s real estate sector. At the national level, the “open-door” policy, housing reform, and land reform have provided institutional support for real estate development. The decentralization of power from the central government provided great freedom for local governments to implement entrepreneurial development policies. At the urban level, business service functions take precedence over manufacturing, and inner-city Shanghai has entered into a postindustrial age. Historical preservation is one of the strategies employed by the local governments to stimulate tourism and consumption. The local specific factors in this case are the available stock of historical buildings that can be recycled as symbols of Shanghai’s cosmopolitan past. The new hybrid urban space of postindustrial Shanghai needs to be understood as the result of the above structural forces at global, national, and urban levels working through historically accumulated layers of the built environment.

Notes

1 From Xintiandi’s event calendar at www.xintiandi.com.
3 For example, see Logan (2002), Ma and Wu (2005), Wu (2006), and Wu et al. (2007).
4 Real estate development in Shanghai accelerated after 2000, as the city government announced new redevelopment programs. Document No. 68 was issued by the Shanghai city government in 2001, introducing more favorable policies for developers, with land use fees waived and other fees reduced.
5 From Architecture & Design (Xia, 2005).
6 See note 4.
8 One U.S. dollar is roughly 8 RMB.

References


