AN ENTREPRENEURIAL PARTY-STATE AND ITS “CITY MANAGER”: THE NINGBO URBAN CONSTRUCTION INVESTMENT HOLDING CO., LTD. (NBUCI) AND NINGBO’S TIANYI SQUARE PROJECT
An Entrepreneurial Party-state and Its “City Manager”:
The Ningbo Urban Construction Investment Holding Co., Ltd. (NBUCI) and
Ningbo’s Tianyi Square Project

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Abstract: In contemporary China’s urban governance, city governments operate local state enterprises which engage in land and real estate developments, and thus intervene in the production of urban space. This is typical of local state entrepreneurialism. Orthodox Party and mass organizations in China’s polity, such as the Party itself and Party-sponsored chambers of commerce and trade unions, in adapting to the high fluidity, burgeoning private sector, and governance demands of new urban spaces, have been incorporating political control with economic development and spatial governance through territorialized organizational restructuring. In the case of the Ningbo Tianyi Square redevelopment, the Ningbo government has realized the project through the Ningbo Urban Construction Investment Holdings Co. Ltd. as an urban policy instrument. In the governance mechanism of Tianyi Square, the Haishu District Government and the district-level Party and mass organizations have been deeply implicated in organizational power and urban governance networks through such territorialized organizational restructuring as “Party-building in business areas” and “trade unions in business areas”.

Key Words: Party-state, entrepreneurialism, urban redevelopment, China

1 The Far-reaching implications of the Shanghai Xintiandi for Urban Redevelopment in China

The Shanghai Xintiandi, which is part of the Taipingqiao area redevelopment project in Shanghai, has been a pioneering and unprecedentedly successful property-led urban redevelopment project (He and Wu 2005) in China since its completion in 2001. It is centrally located in downtown Shanghai, China’s largest city and “economic capital”, also one of emerging global cities in developing countries. Its successful implementation and management mechanisms are established in the form of public-private partnerships between the municipal and district
governments of Shanghai and the Hong Kong-based developer Shui On Group. Designed by the MIT trained American architect Benjamin Wood, it for the first time in China demonstrates the combination of historic conservation (primarily in a physical sense) characteristic of adaptive reuse of the Shikumen architecture and commercial property development. And it consciously creates and boasts its internationally-oriented, nostalgic and petty bourgeoisie atmosphere in this high-end consumption place, which makes people image the elegance of modern Shanghai: “Paris of the Orient”.

The Site of the First National Congress of the CPC (Zhonggong yida huizhi), an integral part of the Xintiandi definitely to be preserved, inspired the naming of “Xintiandi” (Zhao 2003). In addition, the grand opening of the Xintiandi was tactfully scheduled in conjunction with two high-profile events: the 80th anniversary of the CPC and the Ninth Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting in Shanghai in 2001 (Ding 2002: 21) (Ding 2004) (Yu 2008). Not only did the Xintiandi claim itself to be a special present for the CPC’s anniversary, it was also designated as one of APEC’s four official scenic spots for the reception of such eminent politicians as Jiang Zemin, Putin and Goh Chok Tong (Ding 2002: 21) (Qian 2003: 37) (Liang 2009: 71). It has since then become a new landmark of contemporary Shanghai almost overnight.

The implication of the Xintiandi redevelopment model has gone far beyond Shanghai, as it has become the de facto “norm” of commercial urban redevelopment in China and stimulated a number of enthusiastic emulations by many other Chinese cities (Gao 2004: 23), as well as attracted tremendous scholarly investigation both in China and abroad from a variety of disciplines and perspectives, such as architecture, urban planning, urban geography, media studies, aesthetics etc (Luo 2002) (He and Wu 2005) (Sun 2007) (Wai 2006) (Zhao 2006) (Yang and Chang 2007) (Zhang 2008a) (Zhang and Deng 2009).

Almost immediately after the Shanghai project, the Shui On received an invitation from Hangzhou, the capital of Zhejiang Province about 180 kilometers to the southwest of Shanghai, to bring its expertise in developing commercial real estate to the redevelopment of Hangzhou’s Nanshan Road (Nanshan lu) on the West Lake (Xihu) waterfront (Bao 2003: 28). The outcome is the Xihu Tiandi, which is aimed to provide upscale reception facilities for tourists. Although the architectural design and marketing strategy of the Xihu Tiandi are somewhat different from those of the Shanghai Xintiandi in that, the techniques of Chinese traditional garden-building of the Jiangnan region are widely used and it is incorporated with the natural landscape and tourism facilities of the West Lake (Zhao 2006: 28-29) (Liang 2009: 71) (XHTD 2011), its essence is by and large the adaptation of the Xintiandi model to Hangzhou’s local context.

The proactive role of the Hangzhou government in the Xihu Tiandi project is extraordinarily noteworthy, because its invitation was central to Shui On’s extention of the Xintiandi model into a new city almost immediately after the Shanghai project. Later on, the Chongqing government and the Dalian government also got their Chongqing Tiandi and Dalian Tiandi done by taking the initiative to invite the Shui On for investment (Shen 2009: 107) (Sun 2009: 35).

After completing the Hangzhou project, the Shui On Group clearly detected the high enthusiasm
of Chinese cities to introduce first-class developers to join their efforts in urban redevelopment, and thus became confident enough to further extend its Xintiandi model like a chain brand across China. The next project started in 2005 in the southwestern city of Chongqing (Fu and He 2003) (Zou 2005), the fourth municipality directly under the jurisdiction of China’s central government (zhixiaishi). So far, Shui On has built up its “Xintiandi system” in various Chinese cities, including Shanghai, Hangzhou, Chongqing, Wuhan, Dalian, Foshan, Chengdu and Shenyang (Zou 2005) (Wang 2006a) (Zhang 2006) (Liu 2007) (Qian 2008) (Yu 2008) (Zhang 2008b) (Liang 2009: 71) (Qin 2009) (Shen 2009) (Sun 2009) (Zhao 2009b) (Zhao and Wang 2009). All of these projects are Benjamin Wood’s design works, and operated and marketed by Shui On’s management team.

Interestingly, despite its rapid expansion since the Shanghai project, the Shui On, directed by the prudent Hong Kong businessman Vincent Lo (Luo Kangrui) (Qian 2003: 37) (Zhang 2006), has never fully met the huge demands of Chinese cities for their ambitious property-led urban redevelopment. It was said that there had been about a dozen of cities that had invited the Shui On to undertake urban redevelopment projects (Pu 2003) (Bao 2006) (Liu 2007) (Yu 2008).

More cities outside the Shui On Xintiandi system had to turn to alternative developers and mechanisms. Diverse urban redevelopment regimes have emerged, the aim of which is more or less to emulate the success of the Xintiandi. Nowadays this kind of culture & consumption complexes undertaken by developers other than the Shui On have been claimed to exist in a number of cities, among which, the Nanjing 1912 and the Ningbo Laowaitan are perhaps the most famous cases. These projects deserve further investigation, because, despite their seemingly similar physical appearances and marketing strategies with the Shanghai Xintiandi, they still reflect significant variations in terms of their local and trans-local contexts, impetus and implementation, methods of resident relocation and functional transformation, place marketing and management mechanisms, and socioeconomic consequences.

What I am interested in and will explore are the cases where the local state and local business elites form urban redevelopment regimes on their own based on the specificities of their localities, without any significant contribution of global investors like the Shui On, or significant intervention of the central government, in order to undertake similar urban redevelopment projects in their own cities. These cases are more interesting than the Xintiandi chain brand expansion, because they provide opportunities to probe the diversity of place-specific urban redevelopment regimes and the players involved, the complex interplay between the local state and the local private sector, as well as the ways in which the local state and the local private sector react to the impacts of trans-local changes and China’s inter-urban competition.

In this PhD thesis, the particular case I will probe is the Ningbo Laowaitan redevelopment project undertaken by the Ningbo Urban Construction Investment Holding Co., Ltd. (NBUCI), a local state-owned enterprise group specifically committed to strategic urban development projects designated by the Ningbo Municipal Government. Yet, the establishment of the NBUCI was originally intended for an earlier strategic urban redevelopment project in downtown Ningbo: Tianyi square (Tianyi guangchang). The very nature of the redevelopment regime of the Laowaitan, especially in terms of its land acquisition and financing methods, was first
experimented in the Tianyi Square project. The Tianyi Square project had satisfactory socio-economic outcomes, which gave the NBUCI confidence and experience to undertake the more challenging project of the Laowaitain later on. Therefore, a retrospective investigation of the NBUCI and the Tianyi Square project is necessary to a thorough understanding of the Laowaitain project. These are the contents to be discussed in the following sections of this chapter.

2 Ningbo and Its Tianyi Square

2.1 The No. 1 Landmark of Today’s Ningbo

Ningbo, which literally means “peaceful wave”, is a sub-provincial city (fushengji chengshi) in eastern Zhejiang Province, one of the richest provinces in China, as well as one of the two immediately neighboring provinces of Shanghai. Ningbo is one of China’s National Historical and Cultural Cities (guojia lishi wenhua mingcheng) designated by the State Council, and is widely regarded as among the top 20 prosperous and competitive cities in China.

Today, if you come to Ningbo as a tourist, and you ask local people what are the “must-go” places in the city, Tianyi square is always among the answers. To Ningbo people, Tianyi square is undoubtedly the No. 1 landmark of Ningbo as a contemporary metropolis. Missing Tianyi square in Ningbo for a tourist is just as unthinkable as missing the Tiananmen in Beijing or the Bund in Shanghai. And Tianyi square is so obvious a place that is too big and too centrally located to overlook on any size of map of Ningbo’s city proper.

So what is Tianyi square like? What are its attractions? Who goes there? Well, it is a very big business complex consisting of public open space and a variety of commercial establishments. Its total area is 193,000 square meters (Ren 2003), almost half of that of Tiananmen Square in Beijing. However, it seems never as vast and monumental as Tiananmen Square, because most parts of its site are occupied by various stores that encircle a central square of 35,000 square meters (Zuo et al. 2004: 49), and it is a popular place for stroll, consumption, outdoor exhibition and artistic performance as part of Ningbo people’s daily life, instead of a parade square primarily used for monumental and political purposes. Indeed, Tianyi Square is the most popular public space in Ningbo. On ordinary days, it has a daily visitor volume of 60,000, and on weekends and holidays, its daily visitor volume may exceed 150,000 (NBDaily 2007c).

Tianyi square is located in the central part of Haishu District, Ningbo’s time-honored downtown for centuries. The Square is bounded by East Zhongshan Road (Zhongshan donglu) on the north and Yaohang Street (Yaohang jie) on the south, two main roads and business streets of the city. East Zhongshan Road is the most famous business street with a long history in Ningbo, and had long claimed to have the highest density of commercial establishments around the Dongmenkou area (formerly the location of the east gate, or the Dongdumen, of Ningbo’s walled city, currently including northeastern portion of Tianyi square) in Eastern Zhejiang Province, and thus the “No. 1
street in Eastern Zhejiang” (Zhedong diyi jie). This central location makes Tianyi square hardly overlooked by passers-by who travel across downtown.

On Tianyi square, there are a variety of small shops selling commodities and services: electronic and digital products, medicines, opticals, tea, jade articles, home appliances, SPA, gym, goldware, clothing, and watches. There are also five big stores: the Tesco Supermarket (Legou), the Intime Department Store (Yintai), the International Shopping Center (guoji gouwu zhongxin) and the Gugo Shopping Mall (Kugou shangcheng). You have so many dining options: Hong Kong style dessert, pizza, local Ningbo cuisine, Starbucks coffee, bars, tea houses, seafood, the KFC, and local fast food. In a word, Tianyi square provides so many options of mass consumption that are approachable to ordinary people. Different social groups can find suitable consumption options according to their income levels.

Yet, you don’t have to buy anything if you don’t want. It is a pleasure itself just walking through the shops and on the central square, looking at other pedestrians, occasional performances and commercial promotional campaigns, the Gothic Catholic church as the backdrop of the central square, and night scenes of dazzling neon lights. In short, it is a relaxing and approachable marketplace and open space exclusive to nobody. According to statistics in 2008, there were over 1,500 different types of retailers and shops operating in Tianyi square, and its average number of consumers and visitors was over 30,000, with the highest record of 100,000 a day (Zhang and Xu 2008).

2.2 Laoqiangmen in the “Village in City”

When and how did Tianyi square come into being? And who developed it? Before 2001, Tianyi square was nowhere, and the only place which had a name of “Tianyi” was the famous Tianyi Pavilion (Tianyige), a Ming Dynasty private library about two kilometers west of Tianyi square’s location.

The current location of Tianyi square had long been the core of Ningbo’s old town. In a newspaper article, Ms. Shi, a local resident who had lived here for over 60 years prior to the Tianyi Square project, recalled that, before 1949, the residents here were mostly handicraftsmen and ordinary people except a few rich families; on the streets, there were a variety of small shops in such traditional industries: ironware, wooden wagons, timber products, dyeing, paint, wedding appliances and coffin, as well as cheapest brothels; as early as 3 or 4 am, there became sounds of forging pots and spatulas from ironware shops, coupled with street vendors’ hawking for dumplings in soup (huntun) and red bean porridge (chidou zhou); in a word, this area was bustling, but it was also disorderly and shabby (Zhuang 2001). This area had been deteriorated into the largest dilapidated neighborhood in Ningbo until the Tianyi Square project. Referred to as “old walls and doors” (laoqiangmen) by local people, it was full of old or even dangerous buildings dating back to the late Qing period the earliest (Shen 2007).

To most residents of this area at that time, flushing toilet was still a luxury, and they still used night stools (matong) (Cao 2000b). In some cases, a dozen of household had to share one water
tap (Shen 2007: 27). In a newspaper report, a local household residing in Shamao Alley (shamao xiang), Qu Wending and her wife, described their poor housing conditions, “Our house is only 25 square meters, with no window at all, and ventilation and natural lighting are poor. So we have to turn lights on even in the daytime. During the plum rain (meiyu) season, the floor is very wet. There is no toilet in the old houses of this neighborhood” (Guo 2001e). Among the about 3,700 residential households that were to be relocated (Guo 2001e), there were only 30 households living in suite-style houses (chengtaofang) that had private kitchens and toilets, and more than 700 households still lived in houses of average living space below the minimum standard of 11 square meters for Ningbo’s urban residents at that time (Tang 2001a). Some dangerous houses had to be held by external wooden structures during typhoon season, and it was not uncommon that there were some houses collapsed during plum rain season (Tang 2001a).

There was a sharp contrast between this area and its surrounding contemporary high-rise commercial buildings on East Zhongshan Road and Yaohang Street. The two roads had been widened and renovated during 1994-1997, as part of the “Six Main Roads and One Flyover” (liulu yiqiao), a set of urban infrastructural improvement projects. Referred to as a “village in city” (dushi xiangcun) by the Ningbo government (NBMPC 2001), the area before the Tianyi Square project was just like a basin, or potted landscape of pre-contemporary Ningbo.

Since this area survived the previous urban redevelopment projects, some believed that it was to be kept intact and preserved as a historic district (Lin 2000). Because it had badly suffered from Ningbo’s seasonal typhoon and heavy rain due to its poor drainage facility, this area was already among the “low-lying and water logging areas” (diwa jishui diduan) classified by the Ningbo government, where most houses were non-suite-style houses (fei chengtaofang). All those areas were subject to redevelopment with special governmental budget intensively over a period of three years starting 1999 (NBMPC 2001) (Tang 2001b), and all non-suite-style houses were expected to be eliminated by 2005 as requested by the Ningbo Municipal People’s Congress (Ningbo shi renda) to the Ningbo Municipal Government (NBDaily 2002).

2.3 From “CBD” to “CCD”

How had the current location of Tianyi square survived as a “village in city”, while other less central locations in downtown Ningbo had been significantly redeveloped years earlier? Was Tianyi square originally proposed and planned as a commercial complex and open space as it is like today?

Interestingly, Tianyi square was originally designed as an experimental project, or even a temporary project. Ever since the 1990s, the Ningbo Municipal Government has sought to build its own Central Business District (CBD), which was becoming a general trend in China at that time. However, a number of indicators showed that even till 2001, Ningbo had still been not well prepared for the construction of a CBD: in comparison with such first-tier Chinese cities as Guangzhou and Shenzhen, Ningbo’s economic aggregate and city size were still quite limited, and Ningbo’s economic outward-orientation and the size of hinterland still needed to be improved and expanded.
According to a survey, Ningbo’s major real estate developers considered the CBD project too risky, and they had no confidence in it (Zhang 2002: 8). The cost of resident relocation and rehousing must be very high, which made the Ningbo government also hesitate to undertake (Cao 2001b). In the Master Plan of Ningbo Municipality (1995-2010) *(Ningbo shi chengshi zongti guihua)*, therefore, there was only a preliminary blueprint for Ningbo’s CBD, which reserved the land that Tianyi square currently occupies as Ningbo’s future CBD, yet without any detailed plan, such as the land boundaries or specific planning and design requirements (Zhang 2002: 8).

It was apparently a big problem for Ningbo’s long-term development that Ningbo’s urban redevelopment had lagged far behind its widely acknowledged economic achievements primarily driven by innovative and risk-taking private entrepreneurs. Yet, it can also be regarded as a “backwardness advantage” for Ningbo in that, urban planning and redevelopment had been closely regulated by the government and disorderly and uncoordinated urban development by individual private developers had largely been prevented (Wang 2003a), and thus, government-directed comprehensive urban redevelopment would take place in accordance with the requirement of industrial upgrading and long-range urban spatial restructuring.

In order to achieve the paramount goal of downtown redevelopment in conjunction with housing improvement for the residents in low-lying and water logging areas, in early 2000, the Ningbo government adopted a more cautious and practical two-step approach to gradually realize its dream of CBD: to build a Central Commercial District *(chengshi zhongxin shangye guangchang, CCD)* dedicated to commercial, landscape and greening uses (Zuo et al. 2004: 49), which might help to raise fund, improve the business atmosphere, and accumulate experience, and therefore, pave the way for the real CBD in the future as the second step (Tang 2001a) (Zhang 2002: 8). In a more pragmatic sense, a CCD would at least be able to link several main business streets in its surrounding area, and thus expand the overall scale of downtown commercial establishments (Feng 2009).

Thus, this project had been informally referred to as “CBD land parcel” *(CBD dikuai)* or “City Center Commercial District” until it acquired its official name of Tianyi Square through public soliciting (Tang 2001a). In *Ningbo Daily* *(Ningbo ribao)*, the earliest article that formally used the name of “Tianyi Square” to refer to this project was on June 12, 2001, reporting on a press conference in Shanghai organized by the Ningbo Municipal Government for inviting investors to Tianyi square, during which, the Tesco signed a rental agreement with the NBUCI (Guo 2001d). The naming of Tianyi square was apparently inspired by the Tianyi Pavilion (Yan, Huang and Zheng 2005), which have still been the most famous historic heritage in Ningbo.

In 2000, soon after the decision was made, the Ningbo Urban Planning Bureau *(Ningbo shi guihua ju)* began to solicit planning schemes for this project from 5 domestic and overseas planning and design institutes. Two preferred schemes were later on selected, and incorporated and improved towards a final operational scheme by a planning and design team consisting of the Ningbo Urban Planning Bureau, the Ningbo Architectural Design and Research Institute *(Ningbo shi jianzhu sheji yanjiu yuan)* and MADA s.p.a.m. *(mada siban)* (Zuo et al. 2004: 49), a private
architectural design institute founded and directed by Mr. Ma Qingyun, a Tsinghua University and University of Pennsylvania trained architect, as well as the dean of School of Architecture at the University of Southern California since 2007 (Sandoumi 2007: 64-65).

After being reviewed by five experts, the operational scheme was finally exhibited to solicit feedback from the public in the Dafangyuedi (Guo 2001i), a Ming Dynasty official’s private residence often reused for exhibiting urban planning and design schemes in Ningbo in 2000 and 2001, including the “Sanjiangliu’an”, namely the Ningbo urban core waterfronts redevelopment planning, and the “Sanjiang Cultural Corridor” (sanjiang wenhua changlang) (Cao 2000c) (Chen 2000) (Guo and Qu 2000) (Cao 2001e). This kind of publicity (gongshi) has still been practiced as one of the major regular channels for public participation in China’s urban planning system.

Taking into account the central location and vast size of Tianyi square, its implications to Ningbo have apparently gone far beyond simply a shopping mall. It was aimed not only at slum clearance and housing improvement, but more importantly, at revitalization of this strategic location to serve the ends of upgrading Ningbo’s city image and overall competitiveness. It complexity and vastness brought it a widely accepted nickname, the “aircraft carrier of commerce” (shangye hangmu). In fact, Tianyi square was the biggest one-stop (yizhanshi) and landscaped (yuanlinshi) commercial complex in China consisting of shopping, leisure and entertainment establishments upon its completion (Ren 2003).

In an article stating his planning and design scheme, Ma Qingyun described Tianyi square as the city’s “mega-structure” (dushi jugou) that had adopted the grandness of Baron Haussmann’s redevelopment scheme for modern Paris and wiped off most old structures except about 20 old trees and three historic buildings. He interpreted the big central square within Tianyi square as a symbolic landmark declaring the birth of a new urban core in Ningbo, yet, it also provides such clues for recalling the history of the site being a major crossroad and a playground of a local elementary school. The vastness of Tianyi square, which was bigger than the total area of other commercial establishments in Ningbo prior to its construction, was legitimized in the sense that Tianyi square was created as a meeting place not only for local consumption and commercial development, but is also outward oriented towards international capital and consumers (Ma and Bo 2002: 76).

Since Tianyi square was regarded as a transitional CCD towards realization of a CBD afterwards, and the cost of resident relocation and rehousing was already very high, the construction volume was kept very low in order both to control investment scale and to leave room for further redevelopment (HarbinURPB 2002). Over a period of five years, if the CCD was able to generate positive socio-economic outcomes and get recognition by the Ningbo people, it would be retained as a permanent project; otherwise, it would be demolished and then the land could be released for redevelopment once again (Zuo et al., 2004, p. 49).

The transitional and temporary nature of Tianyi square is exactly the reason for the low building density of Tianyi square: in the total area of 196,360 square meters, the total floor area is 167,000 square meters (NBMPM 2000a: 1), and hence its floor area ratio is lower than 1.2; all
buildings are only three- or four-storey (Guo 2001f), in which shops account for 90% (Zhang 2002: 8). In addition, the property ownership of all the newly built shops has been retained by the developer, the NBUCI, and rented out to retailers (HarbinURPB 2002) (Zuo et al. 2004: 49). In sum, the low building density, the land use pattern primarily for retail business, and the unified property ownership and management system by the NBUCI, made Tianyi square essentially different from an ordinary CBD usually characterized by high density of skyscraper office buildings. Such unique features of Tianyi square guarantees easy land acquisition and demolition of buildings, as well as low cost of another redevelopment if it is deemed necessary.

In November 2000, the Ningbo Urban and Rural Construction Committee (Ningbo shi chengxiang jianshe weiyuanhui, NBURCC) submitted the Submission Letter for the Project Proposal for the Ningbo City Center Commercial Square (tentative name) (guanyu baosong Ningbo shi chengshi zhongxin shangye guangchang [zanning] xiangmu jianyishu de han) to the Ningbo Municipal Planning Commission (Ningbo shi jihua weiyuanhui, NBMPC). The estimated total prophase investment (qianqi fei) scale was 809,990,000 yuan (RMB), in which, relocation fees for residential and non-residential households were 307,630,000 yuan and 1,538,160,000 yuan respectively, and land compensation fee (tudi buchang) was 100 million yuan (NBURCC 2000a). Three days later, the proposal got approved by the NBMPC, with the approved budget that the prophase investment scale was 8.09 billion yuan, construction fee was 2.8416 billion yuan, and other fee was 1.1984 billion yuan (NBMPC 2000b).

Later on, the Feasibility Study Report on the Ningbo City Center Commercial Square Project (Ningbo shi chegnshi zhongxin shangye guangchang jianshe xiangmu kexingxing yanjiu baogao) was prepared by the NBUCI and submitted to the NBMPC (NBUCI 2000), and was in turn forwarded by the NBURCC to the NBMPC (NBURCC 2000b). In January 2001, the project proposal was finally approved by the NBMPC (NBMPC 2001).

2.4 “City Manager”: The NBUCI as an Urban Policy Instrument

As noted above, the cost of resident relocation and rehousing, coupled with the cost of new construction, made Tianyi square an extraordinarily expensive and risky project. It was expected to be the new urban core of Ningbo by virtue of not only its central location, but also its highly complex and strategic functions. No private developer had the confidence to undertake such a challenging project on its own; it might cause problems of inconsistency and poor coordination in land use, development progress, and investment attraction, difficulties in long-term regulation, and most importantly, the difficulties in another possible redevelopment, if the government divides the whole area into a number of small land parcels and lease them to individual private developers to develop one by one. It is thus apparently the only feasible option that the government itself takes on this challenging task of developing Tianyi square when the private sector has not been prepared to do it. So did the Ningbo government inject a lot of money from its own coffer to finance the project?

The answer is no, and the root cause is China’s unique land administration system. Land is an indispensable factor of production in any economic system. In China’s transition from the
command economy to the market economy, since 1988, through constitutional amendments and the enactment and revisions of the Land Administration Law (tudi guanli fa), the Chinese government has been legislating for marketization of land step by step. It has been stipulated that on the one hand, China’s land resources are still exclusively state and collective assets, and on the other, with the adoption of land-lease system, land-use right can also be paid to transfer to individuals and organizations other than the state and rural collectives (Zhou 2010: 51).

The land to be redeveloped to be Tianyi square was urban state land, upon which the Ningbo government had actual administrative authority and full right to the disposal of the revenue generated in its redevelopment. The project was undertaken by the NBUCI, which adopted market operation for this government designated project. The establishment of the NBUCI was authorized by the Ningbo Municipal Government, and was intended for investment in urban construction projects and operation of urban public physical assets (Ma, Bai and Qu 2003: 20), especially such strategic projects that the private sector is not prepared to undertake, and government grant is not available or sufficient (Yan, Huang and Zheng 2005).

According to Mr. Zhou Riliang, director of the Ningbo Urban Planning Bureau, the establishment of the NBUCI was specifically committed to the undertaking of Tianyi square project (Zhou 2001). In December 1999, the Ningbo government transferred the assets of the “Six Main Roads and One Flyover”, the Ningbo Xingguang Town Gas Corporation Group (Ningbo xingguang meiqi jitian gongsia), and the Ningbo Urban Construction Development Corporation (Ningbo chengshi jianshe fazhan zonggongsia) to the NBUCI, and therefore, enabled the NBUCI to be a coherent enterprise group with a registered capital of 500 million yuan (Wang 2006b).

The NBUCI has since its establishment been transforming the mode of urban construction and the provision of municipal public utilities to be more market-oriented, and it has been able to overcome the shortage of government budget and seek diverse financial sources in the capital market for public investment. For example, it succeeded in obtaining loans from China Development Bank (guojia kaifa yinhang) in the amount of 1.15 billion yuan and thus reduced the lending burden of Ningbo’s local commercial banks. And with the transfer of state legal person shares of the Ningbo Fuda Electric Appliance Co., Ltd. (Ningbo Fuda dianqi gufen youxian gongsia), a listed company, the NBUCI has been able to finance on the stock market (Ma, Bai and Qu 2003: 21).

The Ningbo government authorized the NBUCI to undertake Tianyi square project, transferred the land-use right of this location to the NBUCI free of charge, which was estimated to be 1.2 billion yuan (HarbinURPB 2002) (Chen and Zhang 2004), and exempted the NBUCI from any tax or fee pertaining to such a commercial real estate project (NBUCI 2000: 60). Bai Xiaoyi clarified that the NBUCI still paid the land-lease fee to the Ningbo government, but the government then transferred the fee back to the NBUCI as the shareholder of the NBUCI (Wang 2003a). There was a state-owned land-use right transfer contract (guoyou tudi shiyongquan churang hetong) between the Ningbo Municipal Land and Resources Bureau (Ningbo shi guotu ziyuan ju) and the NBUCI signed on December 26, 2002, regarding the Tianyi Square project, almost three months after the project was put into operation. It was actually a revised edition of the previous contract.
in 2001, indicating that the land-lease fee per square meter was 2973.00 yuan, and the total was 484,798,785.60 yuan, which had been paid by the NBUCI before the contract was signed (NBMLRB 2002).

By mortgaging this land to the Agricultural Bank of China Ningbo Branch, and guaranteed by government credit, the NBUCI managed to obtain a loan of over 800 million yuan for resident relocation (Yu and Xu 2001), and later on another loan of near 600 million yuan for the construction cost (HarbinURPB 2002) (Ren 2003). The NBUCI also raised another fund of 2 billion yuan on its own for the project (Guo 2001c).

In addition, assisted with the liaison by the Ningbo government, the NBUCI signed a long-term collaborative agreement with the Ningbo Commercial Bank (Ningbo shi shangye yinhang, reorganized as a listed company and renamed as Bank of Ningbo [Ningbo yinhang] in 2007) in 2001 as well, according to which, the Bank would be supportive in financing urban redevelopment, infrastructural construction and environment protection projects undertaken by the NBUCI. Mr. He Jianmin, the deputy mayor of Ningbo specifically in charge of urban construction, attended this agreement signing ceremony, and represented the Ningbo government as an indispensable facilitator in getting such an agreement done between the two local public enterprises (Yu 2001).

In many ways, the NBUCI has been an urban policy instrument for the Ningbo government, which, in the form of a public enterprise, has been able to exploit market resources and opportunities with significant government support. Yet, this mode is not particular to Ningbo. According to the economist Sheng Hong, such kind of public enterprises for urban construction investment have existed for years, which, in the context that the Budget Law (yusuan fa) stipulates that local governments are not allowed to borrow from banks or issue bonds, have enabled local governments to finance on the capital market through such urban policy instruments as the NBUCI. Thus, as stated by Mr. Bai Xiaoyi (Tang 2001a), general manager of the NBUCI, the NBUCI can be regarded as a hybrid authority performing the dual functions of local governance and entrepreneurial undertakings. Even Bai Xiaoyi’s job was illustrative of this duality: as the general manager of the local state-owned (difang guoyou) NBUCI, he was both a government official and a state entrepreneur (Su 2002).

It had been decided that the property ownership of Tianyi square was to be retained by the NBUCI, which was the precondition for a possible redevelopment once again later on, and all shops were to be rented out to retailers to generate rental income, which was to be used by the NBUCI to repay bank loan (Tang 2001a). This decision entailed both initial investment attraction and long-term business management by the NBUCI, the NBUCI established a wholly-owned subsidiary company, the Ningbo City Square Development & Management Co., Ltd. (Ningbo chengshi guangchang kaifa jingying youxian gongsi, NBCSDM), to take charge of long-term management of Tianyi square (Wang 2006b).

Some external partners were also invited to join the management of Tianyi square. For example, the DTZ Debenham Tie Leung (daideliang hang), a globally leading agency for real estate
consultancy, was involved in business planning and investment attraction for Tianyi square until 2004 (Tang 2001a). Ms. Xin Jingqi, manager in the Investment Office (zhaooshang chu) of the NBCSDM, explained that, “at that time [when Tianyi square was being developed], commercial real estate was a new thing in Ningbo, and we were in the process of learning about it, so we invited the DTZ Debenham Tie Leung; however, investment attraction is a localized undertaking, and the DTZ Debenham Tie Leung was not very familiar with Ningbo in some respects, so it retreated in 2004, and our company has been since then doing it on our own” (my interview on July 1, 2010).

The Ningbo government took pride in that, by adopting market operation, the NBUCI was able to undertake the Tianyi Square project without a cent from the government coffers, and that the strategically located land as state asset, which was previously occupied by dilapidated neighborhood, was redeveloped and revitalized for full commercial, leisure and landscape uses (Zhou 2001) (Zuo et al. 2004: 52). This operation model was referred to as “government project operated by enterprise” (zhengfu xiangmu, qiye yunzuo), and the NBUCI was described as a “city manager” (chengshi jingliren) (HarbinURPB 2002) (Ren 2003) or “city operator” (chengshi yunyingshang) that connects the government with the market (CCN 2003) (Yan, Huang and Zheng 2005). As a “city operator”, the NBUCI is believed to be able to fully detect the intentions of the government and employ market mechanism to develop large urban areas, and generate both profits and broader social benefits (NBDaily 2004c).

These discourses about the newly adopted marketized way of urban redevelopment by a local public enterprise were by no means Ningbo’s inventions; rather, they reflected a general trend that has been pervading in China since the early 1990s, a trend that was widely believed to originate in the city of Dalian under its mayor and later CPC municipal secretary Bo Xilai. The Chinese reference to such trend is “jingying chengshi”, which means “managing the city”.

Dalian, the biggest seaport in Northeast China, used to be a city famous for its heavy industry, a common economic feature across China, especially in Northeast China, in the command economy. Bo Xilai had been the principal politician in Dalian since he was appointed as acting major of Dalian in 1992, and until he got promoted into the Liaoning Provincial Government in 2000. Under Bo’s leadership, especially guided by his notion of “managing the city”, which was first proposed by him in 1993 (Su 2001: 13), Dalian put forward its ambition of becoming a “Hong Kong in the north” (beifang Xianggang) in 1993, namely a hub of trade, finance and export processing in Northeast Asia (Jing 1993), and obtained a number of national and international titles in recognition of its gorgeous and livable urban environment: Nationally Designated Garden City (guojiaji yuanlin chengshi), National Model City for Environmental Protection (guojia huanbao mofan chegnshi), the United Nations habitat award (Lianheguo renju jiang), etc. These achievements were essentially the outcomes of Bo’s notion of “managing the city” as state asset (guoyou zichan) (Duan 2001).

Bo’s notion was innovative in the sense that, since China’s urban land is exclusively owned by the government, he argued that cities, just like state enterprises, are state assets, too; managing cities can also generate fiscal revenue for the government, just like levying taxes on enterprises; a
bad mayor who does not manage a city well devaluates state asset. He proposed two methods of managing cities: (a) creating quality urban environment, including infrastructure and landscape, (b) attracting inward investment. The success of managing the city relies on high quality of urban planning, for which, he suggested the guideline of “Don’t pursue the biggest, but the finest.” (buqu zuida, danqi zuihao) for Dalian (Bo and Yang 2000) (Duan 2001) (Wu and Zhou 2004: 84-85). A large portion of inward investment was land-lease fee, which was regarded as the second source of fiscal revenue for the Dalian government (Su 2001: 13). The fee was used by the Dalian government to improve urban environment, such as relocation of pollutant factories to industrial outskirts, slum clearance and housing improvement, and urban landscaping, and further inward investment attraction, and thus, a virtuous circle (Bo and Yang 2000) (Fu 2000) (Su 2001: 16).

Bo’s notion of managing the city invoked a large amount of research, which more or less has achieved such consensus that, the city can be packaged and marketed, and managing the city by the government is a business-like undertaking (Feng 2001: 7). The spread of the notion of “managing the city” during the 1990s has been highly influential on the establishment of the NBUCI and its operation of the Tianyi Square project. During 2000 and 2002, there were several articles discussing the notion of “managing the city”, successful cases in Dalian, Kunming, Shanghai and Qingdao, and the potential of its application in Ningbo (Ying 2000) (Tang 2001d) (Fan 2001) (Tai 2002); and on December 12, 2001, there was a special column, in which five government officials and experts illustrated their opinions about managing the city (Zhou 2001) (Wang 2001) (Mei 2001) (Chen 2001). According to Zhou Riliang, the aims of city management include restructuring and optimization of urban land resources, urban space and other economic factors, upgrading of urban image and attractiveness to inward capital and talents (Zhou 2001).

The Tianyi Square project has been regarded by the Ningbo government and the NBUCI (Ma, Bai and Qu 2003), local urban planners (Feng 2001) (Chen and Zhang 2004) and the local media (Ren 2003) as a success of adopting the notion of managing the city in Ningbo. This project also became the reference for emulation by observation and study tour delegations of as many as 29 provinces and cities (HarbinURPB 2002) (Ren 2003) (Wang 2006b), and even stimulated some cities in Shandong and Jiangsu to invite the NBCSDM to develop similar projects (Ren 2003).

2.5 Resident Relocation, Construction Process, and Historic Conservation

In order to clear the shabby neighborhoods for the ambitious redevelopment project of Tianyi square, the first formidable mission the Ningbo government and the NBUCI had to accomplish was to relocate a large volume of residential households and non-residential work units and other organizations reasonably. The relocation task was also politically significant in that it was the bad housing and infrastructural conditions of this area that made the Ningbo government make the decision to initiate this challenging project in the first place. In fact, with a total floor area of 235,600 square meters to be demolished (residential area is 153,800 square meters, and non-residential area is 81,800 square meters), and a total number of about 4,000 households to be relocated, Tianyi square had been the largest urban redevelopment project in the history of Ningbo (Cao 2000a) (Tang 2001a), as well as in Zhejiang Province (Tang 2002).
The demolition permit (chajiqian xukezheng) was issued in November, 2000 (Shen 2007). Starting December 1, 2000, 3750 residential households and 340 non-residential work units and other organizations in this area began to sign relocation agreements with the NBUCI, and on March 12, 2001, electric and water supplies were to be terminated, and the demolition was to start. There are two rehousing options: rehousing in resident-decided locations (zixuan anzhi), and rehousing in government-designated locations (zhijie anzhi). The former means that households choose to get monetary compensation from the NBUCI in the form of housing coupon (fangpiao) (Sun 2001), and buy or rent houses elsewhere on their own, and the latter means households choose to buy or rent houses provided by the NBUCI or the government at subsidized prices as in-kind compensation, which, in this particular case, was the Nanyuan Estate (Nanyuan xiaoqu) (Cao 2000a), about four kilometers south of Tianyi square.

Tianyi square was the second large-scale urban redevelopment project in Ningbo that adopted the rehousing in resident-decided locations approach, only second to the redevelopment of the Moon Lake (Yuehu) in 1998, the same year when the housing in resident-decided locations policy was introduced. The new policy was said to be the most feasible way to pay monetary housing subsidy (zhufang huobi butie) to urban population, which had worked hand in hand with the danwei-based housing subsidization, to supersede the former housing allocation (zhufang fenpei) system (Sun 2001), the essence of housing reform launched in 1998 across China. It was reported that the rehousing in resident-decided locations method had been the preferred one for relocated households, with an overwhelming ratio of 99% by February 28, 2001 (Cao 2001d).

To many households whose income level was low, the monetary compensation was really very helpful for them to improve their housing conditions on the property market. It would be very hard, if not impossible, for them to flee from the shabby neighborhoods and get better houses elsewhere without such a government project, which, through monetary compensation, materialized and paid a considerable amount of the high market value of the land occupied by their shabby houses.

Many stories about “happy relocated residents” were reported in Ningbo Daily. For example, on March 1, 2001, it was reported that, Qu Wending’s family got their 25-square-meter house compensated in the amount of 60,000 yuan, and they added it with their own savings of another 60,000 yuan to buy a 60-square-meter apartment in the Nanyuan Estate; their neighbor, Xu Zhilan’s family, assisted with mortgage loan, purchased a 80-square-meter apartment in the Sanshui Lijing Estate (Guo 2001e), about 2 kilometers south of Tianyi square, slightly closer to the downtown than the Nanyuan Estate. Madame Lin’s old house with a floor area of about 50 square meters, in which she had lived for 50 years, brought her with a compensation of about 160,000 yuan (Tang 2001a).

For some households which apparently belonged to disadvantaged groups, special supporting policies were prepared in conjunction with the relocation, such as proactive processing of the Minimum Living Allowance (zuidi shenghuo baozhangjin) and re-employment arrangement for the unemployed, and special rehousing support for empty-nesters and the handicapped. For the
small business owners, Street Office cadres helped to find alternative venues for their businesses (Guo and Chen 2001) (Guo and Huang 2001). Many bigger stores along the East Zhongshan Road that were to be demolished, such as the Beyond Textile (Boyang jiafang), signed rental agreements with the NBUCI for new stores in Tianyi square pretty in advance (Guo 2001c), which guaranteed their continual operation once Tianyi square was completed.

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

The Office for Key Urban Construction Projects of Ningbo (Ningbo shi chengshi jianshe zhongda xiangmu bangongshi) signed a contract with the Ningbo Municipal House Demolition Office (Ningbo shi fangwu chaiqian bangongshi) to entrust the latter to implement demolition on December 7, 2000. The relocation and demolition arrangement was also said to be very harsh to guarantee that the Tianyi Square project could be launched on time. In a magazine article, it was disclosed by an insider in the NBUCI that all the demolition agreements between the demolisher and relocated residents were settled within only 14 days; if any household refused the designated compensation standard and demolition timetable set by the Ningbo government, a notification of forced eviction (qiangzhi chaiqian) would be issued to the residents a few days later, and the household’s property was subject to the legitimate violence of the local state apparatus (Sandoumi 2007).

Thus, it is understandable that the relocation worked pretty efficiently. It was reported that by December 21, 2000, there had been 2164 households that had signed relocation agreements, accounting for about 63% of all types of relocated households and organizations. In these 2164 households, 99% chose rehousing on their own with monetary compensation (NBDaily 2000). By February 28, 2001, less than two weeks before the deadline of demolition, it was reported that there had been 3,306 households that had signed relocation agreements, among which, 2800 households had already found their new houses either rented or purchased (Cao 2001d).

The large amount of relocated households, who were eager to find houses elsewhere on the real estate market, greatly stimulated a market boom, especially a rapid increase in the demand for second-hand properties. A large number of real estate agents established their offices in the area to grip the business opportunities (Lin 2000). On March 6, 2001, there was an article in Ningbo Daily that was specifically focused on the second-hand property boom. In was reported that there were about 20 real estate agents that emerged in search of businesses in the area. Second-hand property was deemed as promising because it is more affordable for relocated households by virtue of its lower price and convenient location (Cao 2001d).

As originally scheduled, all households had moved out by March 12, 2001; the demolition started on March 13 (Cao 2001a), and finished in mid-April (Guo 2001a). The new construction started on April 16, 2001 (Guo 2001b), and had been almost finished by August 1, 2002, erecting 20 European-style commercial buildings encircling a central square. And the Tesco supermarket and
the Tianyi Digital Products Mall had already been in business operation (Guo 2002).

According to the final operational plan, most old structures of the Laoqiangmen would be wiped off (Lin 2000). Yet, several prominent individual historic buildings and relics were to be conserved in different ways. This fashion of historic conservation targeted at only individual buildings or relics without keeping the overall texture of historic districts intact had been the mainstream fashion in Ningbo till the Tianyi Square project. Three such historic buildings and relics were regarded as valuable architectural heritage: the tablet in memory of the bacteriological warfare by the Japanese troop spreading plague virus during the Second World War (qinhua Rijun shuyi xijun zhan yizhi jinianbei), the God of Herbal Medicine Hall (Yaohuangdian), and Li’s Residence (Li zhai).

Originally, all of them were to be relocated and rebuilt elsewhere in order to vacate the land for the new buildings of Tianyi square. There were two articles in Ningbo Daily on February 8, and March 4, 2001 reporting that it had been proposed that the two big historic buildings were to be relocated to the City God Temple (Chenghuangmiao) business district and the Moon Lake scenic area respectively (Cao 2001f) (Cao 2001c). However, on May 31, there was another article in Ningbo Daily that introduced the history of the God of Herbal Medicine Hall in detail and announced that in-situ conservation approach would be adopted for the Hall. So what happened that led to such a significant revision of the overall plan of Tianyi square for the conservation of the Hall?

The south boundary of Tianyi square, “Yaohang Street”, literally means “the street of herbal medicine”, and had been famous as a hub of herbal medicine trade in the Jiangnan region since the Qing Dynasty. The God of Herbal Medicine Hall was built in the Yaohang Street area in 1708 in honor of Shennongshi, the legendary god of agriculture and herbal medicine. The Hall also had an annex named “Lianshan Guild Hall” (lianshan huiguan), the chamber of commerce of herbal medicine industry in Ningbo (Yang and Wang 2001a). This combination of totem worshipping and associational bonding was a common phenomenon in pre-1949 China based on either the same industry (yeyuan) or the same origin of birth place (diyuan).

The socialist transformation of capitalist industry and commerce (dui zibenzhuyi gongshangye de shehuizhuyi gaizao) in the early period of the PRC succeeded in eliminating the private sector as a whole, of course including their associational activities. The God of Herbal Medicine Hall thus lost its original significance as a worshipping hall and a chamber of commerce. Since 1953, the Hall had been used as a warehouse by the predecessor of the currently Ningbo Dahongying Pharmaceutical Co., Ltd. (Ningbo Dahongying yooye gufen youxian gongsi, DHY Pharm). The hall was no longer a public space, and could be said to have disappeared in a cloud of over-crowded and shabby neighborhoods for a long time, even though it was designated as a municipal-level architectural heritage point (shijii wenbao dian) in 1992 (Yang and Wang 2001a).

The key figures that contributed to the in-situ conservation of the God of Herbal Medicine Hall were Yang Gucheng and Wang Jietang, who were also the authors of the article in Ningbo Daily on May 31. Known as the “crazy man for heritage conservation” (wenbao kuangren), Yang
Gucheng had been a famous local activist consistently committed to heritage conservation in Ningbo for years, and was honored with the title of “Top 10 Activists for Cultural Heritage Conservation in Ningbo” (Ningbo shijia wenhua yichan baohuzhe) (NBDaily 2006) and the “Heritage Conservation Contributor of the Year 2008” (2008 nian wenbao niandu gongxian jiang) (Chen 2008).

Yang Gucheng, along with Wang Jietang and some other heritage conservation activists, argued that the most valuable part of the God of Herbal Medicine Hall was brick carving, which would be definitely damaged in the process of relocation and rebuilding, and moreover, the whole history of the Yaohang Street area as a hub of herbal medicine trade would be eradicated due to its ex-situ reconstruction. Therefore, on April 9, 2001, they wrote a letter to both the deputy mayor He Jianmin and People’s Daily (renmin ribao) to advocate for in-situ conservation, with the Huqingyutang in Hangzhou as the exemplar of such conservation approach. On April 12, People’s Daily East China News (renmin ribao hudong xinwen), the local edition of People’s Daily in the six provinces and one municipality of East China, published Yang and Wang’s letter on the front page (Guo 2001h) (Yang and Wang 2001b) (Gu 2002a). The case thus became a nation-wide known case in the party-state system due to the coverage of the center-level party newspaper.

Yang’s letter was then forwarded by He Jianmin to the NBUCI for a reconsideration of the design scheme of Tianyi square. The response of He Jianmin came to Yang Gucheng 10 days later, with the promise that their appeal for the conservation had been accepted by the Ningbo government, and the NBUCI would be responsible for revising the design to accommodate the in-site conservation of the Hall (Guo 2001h) (Gu 2002a).

The NBUCI invited a number of time-honored pharmaceutical firms, including the Beijing Tongrentang and the Hangzhou Huqingyutang, to take part in the bidding for renovation and operation scheme of the God of Herbal Medicine Hall (Guo 2001h). The Hall was to be reused as a pharmacy and a museum of herbal medicine history, and the tenant would still be the Ningbo DHY Pharm (He 2002). On April 29, 2002, the renovation plan of the rear hall as the Ningbo Herbal Medicine History Exhibition Hall (Ningbo yaoye lishi chenlieguan) got final approval (Wang 2002c). It would become Ningbo’s fourth museum of a particular industry, following the Ningbo Numismatic Museum (qianbi bowuguan), the Ningbo Museum of Costume (fuzhuang bowuguan), and the Ningbo Museum of Agricultural Machinery (nongji bowuguan) (Gu 2002b).

The Ningbo DHY Pharm was in charge of renovating and operating the Hall as the tenant. In the rental agreement between the NBUCI and the Ningbo Pharm, the Hall must be always used for pharmaceutical business, and its original architectural style must never be changed or damaged (Gu 2002a). Thus, the Hall succeeded in maintaining both its physical existence and its pharmaceutical function in Tianyi square.

The Hall has a total area of 1,600 square meters (Yang and Wang 2001a). The Ningbo DHY Pharm spent five million yuan on the renovation of the Hall (Wang 2003b). A total area of 2,000 square meters was retained for its in-situ conservation, which incurred an annual rental income loss of over 10 million yuan to the NBUCI due to a reduction of store area (Gu 2002a). The Ningbo
Herbal Medicine History Exhibition Hall and the DHY pharmacy were opened on Jan. 5, 2003 (Wang 2003b), about three months later than the opening of Tianyi square.

In addition, a pair of Yuan Dynasty Bixi (a kind of legendary turtle-like dragon made of stone, used for erecting a tablet in traditional Chinese architecture) were excavated just next to the God of Herbal Medicine Hall in May, 2002. A new pavilion was built to shelter the Bixi, on which, two tablets were erected to record the history of their excavation and the renovation of the God of Herbal Medicine Hall (Wang 2002a). Therefore, the God of Herbal Medicine Hall and the Bixi under the pavilion has since then constituted the only zone of historic buildings and relics in Tianyi square, in sharp contrast to, and somehow also in harmony with, the contemporary buildings surrounding them.

This case of the God of Herbal Medicine Hall is not the only success of heritage conservation in Ningbo in those years. In the project of widening and renovation of Zhongshan Road during 1995-1997, at a total cost of 2.3 million USD, a number of architectural heritages along the Road, such as a Tang Dynasty stone pagoda, the Ming Dynasty Fan’s Residence (fan zhai), were preserved and incorporated into the new landscape of the Road, instead of being knocked down or relocated elsewhere to give way to the widened Road. This decision has been widely acclaimed by the World Bank, the UNESCO, as well as China’s Ministry of Culture (wenhua bu) and State Administration of Cultural Heritage (guojia wenwu ju) (Qiu and Chen 2009). The involvement of the World Bank as the lender for the project is believed to be the major contributor to the conservation.

It is often the case that, such contingent factors of checks and balances from the outside, such as superior party-state agents, foreign governments and international organizations, and trans-local media, significantly condition the decision of China’s local state agents in their decision-making about key projects like heritage conservation. Yet, undoubtedly, the internal structure and composition of the local state are still the determinant factors that decide the way in which the local state respond to external checks.

Besides, 18 old trees with diameter at breast height of over 30 centimeters were also preserved in Tianyi square, instead of being cut down. The NBUCI stated that, for the preservation, over 20 new buildings had to be redesigned. For example, over 1,000 square meters of new shop area was wiped off to preserve three magnolia grand flora near Yaohang Street; five new shops were canceled to give way to camphor and magnolia grand flora near the God of Herbal Medicine Hall. The preservation of those trees was estimated to incur a loss of rental income of ten million yuan to the NBUCI due to the reduced shop area. The explanation of the NBUCI for this decision was that the trees can help improve the landscape of Tianyi square, and preservation of trees itself is meaningful (Guo 2001a), with some connotation of corporate social responsibility.

However, Li’s Residence, which had no government-designated title in recognition of its architectural value, was still relocated and rebuilt in the Moon Lake scenic area originally proposed. It is also a Qing dynasty building, and has a total floor area of 450 square meters (Cao 2002). It has been adaptively reused by the Mingtown Ningbo Youth Hostel (Mingtang Ningbo
Lizhai guoji qingnian lüshe) for years. The lower rank of Li’s Residence in comparison with the God of Herbal Medicine Hall in China’s heritage conservation system was the main reason for its ex-situ conservation.

If you stand on the central square within Tianyi square and look southward, one review that you can hardly overlook is the Catholic Church with two clock towers on Yaohang Street. Like the God of Herbal Medicine Hall, this heritage-like religious establishment, with a combination of Romanesque and Gothic architectural styles, stays in harmony with its surrounding contemporary commercial buildings. It is not simply a single church building, but a building complex consisting of both religious and secular uses. Underneath the stairway towards the main entrance of the church is the Five-star Appliance Mall (wuxing dianqi), and the ground floor of the annexes of the church is all occupied by stores, such as the Haoshihui, a buffet restaurant.

To many visitors, the church is an integral part, and even one of the major landmarks of Tianyi square. Actually, the church is a separate project designed and completed prior to the plan of Tianyi square, and was later on retained and somewhat incorporated with Tianyi square. Although its rebuilding should not be regarded as genuine heritage conservation, and it was undertook by the church rather than the NBUCI, it was still closely connected with the Tianyi Square project, and was facilitated by some government apartments in acquiring land for extension and its property management for rental income.

Though with a history dating back to 1702 the earliest, the church was formally restored from the Qing government’s nation-wide ban and rebuilt in 1866, and had been kept in operation as a religious institute until 1966. Since 1966, the Catholic Church had been banned again by the Communist government and clergy dismissed, and the buildings used by Ningbo’s Yue Opera troupe (yueju tuan). It was in 1985 that those properties began to be returned to the newly-restored Catholic Church, yet in bad conditions as dangerous buildings (NBERAB 2010).

In conjunction with the widening and renovation of Yaohang Street starting 1992, and in order to give way to the street widening project, the Catholic Church managed to demolish 100 households and acquire additional land in its surrounding area, and thus step back from its original location and rebuilt and extended itself. The rebuilding project was completed in June 2000, and the total area of the church increased to 5,400 square meters. The total cost of the rebuilding project was 40 million yuan, which was financed by Mr. Huang Binshe, a Catholic follower who operates a real estate company (NBERAB 2010).

According to Mr. Jin, an official in the Ningbo Ethnic and Religious Affairs Bureau (Ningbo shi minzu zongjiao ju, NBERAB), before the rebuilding project, the church sold their land on the other side of Yaohang Street, which used to be occupied by their orphanage and civilian houses, and thus was able to use the sales revenue to buy the land in its current locations to extend itself (my personal interview on August 17, 2009).

Ms. Li Wenjun, a volunteer and Catholic follower in the church, said that, the rebuilding and extension plan of the church had been approved by the government because this whole area was
to be redeveloped sooner or later anyway. Later on, when the redevelopment scheme for Tianyi square was being considered, the already rebuilt Catholic Church was treated as an integral part of the project, standing at the center of Tianyi square’s southern portion. The church was responsible for the rehousing of the relocated households. In the 40 million yuan donated by Huang Binseng, 20 million yuan was spent on rehousing, and the other half was used as new construction fee. The church purchased some public apartments in the Nanyuan Estate, and let the relocated households, many of whom were Catholic followers, move into the Nanyuan Estate. Since the commodification-oriented housing reform had not been fully implemented then, it was common that the relocated households paid nominal rent to the housing authority or the church as tenants. Yet many of them were able to buy the apartments later on in the housing reform process (my personal interview on July 7, 2010).

The Catholic Church takes advantage of its central location to develop some shops to rent out, and the rental income becomes the most stable and often the primary source of income for the church. Ms. Li said that there used to be a canteen on the ground floor of the church, but it was very wet and thus had been empty for years before it was rented out to the Haoshihui (my personal interview on July 7, 2010).

The retail space currently used by the Five-star Appliance Mall used to be an underground garage, a mandatory auxiliary civil air defense (renmin fangkong) project as stipulated by Urban and Rural Planning Law (chengxiang guihua fa) and Civil Air Defense Law (renmin fangkong fa). Its conversion to commercial use was significantly facilitated by the NBERAB. Since the garage had long been apparently under-used, the church sought to rent it out to business. However, this entailed a land-use change, which had to be approved by urban planning authority. Knowing the insufficient revenue of the church, the NBERAB helped to negotiate with relevant government apartments for the application of such land-use change. Therefore, the garage was finally converted to a retail space and became another source of rental income for the church.

2.6 Investment Attraction, Promotional Campaign and Grand Opening

Investment attraction had already been well under way since December 2000, when the Feasibility Study Report on the Ningbo City Center Commercial Square Project was still awaiting final approval by the NBMPC. Among the 550 retailers who had shown rental intentions to the NBUCI by that time, one third were local retailers, nearly two thirds were non-local domestic retailers, and there were another ten international retailers; in terms of industry, clothing and catering were the two major industries (Guo 2001b). Apparently, Tianyi square was indeed going in the direction of becoming a meeting place of local and trans-local capital and consumption, as envisioned by Ma Qingyun. The inward investment attraction, significantly facilitated by the Ningbo government’s promotion, was thus pretty efficient. As reported by the NBCSDM on December 18, 2001, there had been 120 firms having signed rental agreements with it since December 2000, and thus 3 firms a day on average, and there had been another 800 firms which had shown their rental intentions (Guo 2001g).

The NBUCI began to formally publicize messages of investment attraction starting March 2001
(Ren 2003). Since then, Ningbo’s party-state agents had been proactively engaged in various types of promotional activities for Tianyi square, which was obviously the No. 1 project in Ningbo during those years. Ningbo’s local media, which are to a large extent still the propaganda instruments of the party-state, were required by the Propaganda Department of the Ningbo Municipal CPC Committee (Ningbo shiwei xuanzhanbu) to intensively report on the Tianyi Square project during its construction.

The Ningbo Municipal Government itself organized several press conferences in Beijing, Shanghai, Hangzhou and Guangzhou to attract nationwide attention to the project (Wang 2003a). In *Ningbo Daily*, there were a series of articles in 2001 reporting on such promotional campaigns by the Ningbo government in Shanghai’s Jinmao Tower (jinmao dasha) (Guo 2001d), Hangzhou’s Zhejiang World Trade Center (Zhejiang shimao zhongxin) (NBDaily 2001), and Guangzhou’s Garden Hotel (huayuan jiudian) (YI 2001).

There were also some liaison and consultation activities initiated by the Ningbo government seeking the collaboration of Ningbo’s local business. Ningbo has a historically-established and strong garment industry. Thus, in order to create a specialized street for clothing retailing (fuzhuang yitiaojie) in Tianyi square, the Ningbo government convened a forum to consult Ningbo’s major garment firms, including such nation-wide brand-name manufacturers as Firs (shanshan), Younger (yager’er), Romon (Luomeng), Rouse (luozi) and Peacebird (taipingniao) (Tang 2001c).

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

The central square inside Tianyi square has always been used as the foremost meeting place in downtown Ningbo for various activities, both commercial ones and governmental ones. Top leaders in Ningbo’s government, CPC and even military systems, like the mayor, the Party secretary, and the Ningbo Military Sub-commander (Ningbo junfengqu silingyuan), attended the opening ceremony of Tianyi square. There were three consecutive days of artistic performances on the central square celebrating the opening of Tianyi square, in which such prominent Chinese artists as Zang Tianshuo and Man Wenjun performed. These performances were part of the 6-day 1st Haishu District Festival of Business, Culture and Arts (*Haishu qu shangmao wenhua yishu jie*) organized by the NBUIC and the NBCSDM and supervised by the Ningbo Haishu District Government (Wang 2002b) (Zhu 2002). This festival had been organized since 2002 for five consecutive years; since 2007, it has been replaced by the annual “Ningbo Shopping Festival” (*Ningbo gouwujie*) (Wang, Xu and Wu 2007). Both of them are commercial and cultural campaigns centered in Haishu District, especially the Tianyi business area.
3 Governing Tianyi Square: The Party-State Makes the Marketplace Work

3.1 Governance Coalition between the NBUCI and the Haishu District Government

In the initial stage of its operation, Tianyi square was in many difficulties in business operation. It was reported in February 2003 that the number of visitors and consumers were rapidly decreasing soon after its opening, and many stores really had hard time operating, some of which were even unable to survive. To some store owners, the difficulties were due to the unsatisfactory business operation of Tianyi square by the NBCSDM, and high rent of the shops, and that Ningbo people were not accustomed to the new consumption pattern in Tianyi square as an outdoor shopping mall (Zhang and Hu 2003). In short, it is inappropriate to assume that Tianyi square has always been a success simply because of its central location.

The governing mechanisms of Tianyi square since its opening have been established through partnerships amongst the NBUCI, the local state agents, and the business. In an article in Ningbo Daily reporting on the property management of Tianyi square, the author intentionally used the often negative term “no separation of enterprise from the government” (zhengqi bufen) to describe the governing model of “management by enterprise as the main body, law enforcement by the government as the guarantor” (qiye guanli wei zhuti, zhengfu zhifa wei baozhang) and the hybrid governing body that incorporates city administration (chengshi guanli) and property management functions (NBDaily 2003b).

The NBCSDM is the main body of property management, while the Tianyi Square Management Committee (tianyi guangchang guanli weiyuanhui) is the governing authority, which consists of representatives of the Haishu District Government, the NBUCI, and business tenants. This committee sets up a Comprehensive Management Office (zonghe guanli bangongshi) as the basic-level section that performs the functions of such governmental departments as City Administration Bureau (chengguanju), Administration for Industry and Commerce (gongsang guanli ju), Traffic Policy Detachment (jiaojing zhidui), and Fire Brigade (xiaofang zhidui) to specifically deal with administrative examinations and approvals (xingzheng shenpi) for Tianyi Square’s business (NBDaily 2003b).

The NBCSDM has been able to resist the temptation of quick return of funds by selling all the properties of Tianyi square out. It unitary property ownership of Tianyi square, enables it to formulate long-range business planning and management. As explained by Mr. Zhang, director of the executive office of the NBCSDM, there would be no way for the NBCSDM to manage Tianyi square in a coherent manner if the properties are sold out to individual proprietors, because proprietors usually don’t respect a pure property management company. Ms. Xin Jingqi added that if the properties are sold out, there will be a race to the bottom in terms of shop rent, because individual proprietors are all eager to attract tenants with lower rent, which will definitely cause chaotic industrial composition of the whole Tianyi Square (my personal interview with both of them on July 1, 2010).
Holding property ownership, though does not bring fast bucks, is economically sustainable. As the owner of all properties of Tianyi square, the NBCSDM not only earns regular rent from its business tenants, which accounts for about 70% of its total revenue, but also makes money from parking fee and advertising fee in Tianyi square, as well as venue rental income from activity organizers who use Tianyi square for certain activities (my personal interview on July 1, 2010).

In addition, the NBCSDM has run its own department stores in Tianyi square: the Gugo and the International Shopping Center. The two stores, as well as other giant stores like the Intime and the Shipu Restaurant (shipu fandian), are regarded as the “flagship stores” (qijiandian) in Tianyi square that take the lead (my personal interview with Ms. Xin Jingqi on July 1, 2010). Thus, the NBCSDM also has the two wholly-owned department stores as sustainable cash cows.

According to Ms. Xin Jingqi, the unitary property ownership also enables the NBCSDM to reorganize functional zones and merchandise structure of Tianyi square to adapt to the changing market environment and demands. For example, the stores in the catering industry zone signed contracts with the NBCSDM in 2002; when I was interviewing with Ms. Xin, this zone was in the process of reorganizing and upgrading, and some new stores were introduced (my personal interview on July 1, 2010). Crystal Street (shuijing jie), which used to be full of low-end gift shops, were later on transformed to be a specialized street of high-end jewelries. Since mid-2007, there had been a new round of restructuring of overall retail zoning and upgrading of landscape in Tianyi Square over a period of 3-5 years (NBDaily 2007b).

A more interesting case is the change of the God of Herbal Medicine Hall. Since the contract with the DHY Pharm expired, most parts of the Hall have been leased to the Qingyuan Teahouse (qingyuan chaguan), coupled with some arts and craft stores selling jade articles. Ms. Xin told me that those tenants were selected because their businesses are somehow in conformity with the Hall’s Chinese traditional architecture (my personal interview on July 1, 2010).

In an interview in March 2004, Zhou Hongming, general manager of the NBUCI, disclosed that about 85-90% of the shops in Tianyi Square had been leased out, and the overall market value of Tianyi square had gone up to 4 billion yuan. Besides, a professional business management team had been trained in the process of business management of Tianyi square, which was to operate the next project: the Laowaitan (Sun 2004). When being interviewed by me, Ms. Xin Jingqi of the Investment Office in the NBCSDM said that there is little need for them to organize promotions for Tianyi square right now, because Tianyi square has well established its reputation, and the government is always very supportive to them. So they were only doing promotions for their new projects, such as the Heyi Avenue (Heyi dadao), which was opened in the latter half of the year 2009.

3.2 Territorialized Party-Building and Extension of Mass Organizations

The CPC’s party organ has also been developing and becoming a significant player in the governance of Tianyi Square. In 2008, the Haishu District CPC Committee decided to establish the
Tianyi Square Service Center for CPC Members (tianyi guangchang dangyuan fuwu zhongxin, TSSCCPC), which also incorporates a patriotic education base (aiguozhuyi jiaoyu jidi) in memory of the bacteriological warfare by the Japanese troop spreading plague virus during the Second World War (HSBDR 2008).

The establishment of the TSSCCPC was mainly implemented by the district and street office levels’ of party-state, but was financed with municipal budget. On the site of a former parking lot, the TSSCCPC was built up and opened on July 1, 2009, with a total floor area of 2,700 square meters, and a total investment scale of 40 million yuan (Weng 2009: 18). The TSSCCPC is staffed by cadres seconded from the Jiangxia Street Office, which is the sub-district level authority in charge of Tianyi Square and its surrounding areas. The TSSCCPC is aimed at CPC members in the entire Tianyi business area (tianyi shangquan), which contains not only Tianyi Square, but also nine office buildings and a number of commercial establishments to the east of Tianyi Square. Special attention is given to the CPC members working in non-state sectors. (my personal interview with Ms. Luo, staff of the TSSCCPC) (Jiang 2009: 8).

The TSSCCPC acts as a receiving unit for incoming CPC members’ party organizational documents, coordinates and provides venues for mandatory and non-mandatory liaison activities among CPC members working in the Tianyi business area and some independent CPC branches, mobilizes CPC members to do volunteer services, and provides consultancy services for CPC members’ business concerning administrative examination and approval. The TSSCCPC works under the direct leadership of the Jiangxia Street Office Party Working Committee (jiangxia jiedao danggongwei), which established the Tianyi Business Area CPC Comprehensive Committee (tianyi shangquan zonghe dangwei) in October 2008 and organizes the Tianyi Business Area Joint Committee for Collaborative Party-Building (tianyi shangquan dangjian gongjian lianxihui). Some larger enterprises like the NBCSDM, which have their independent CPC branches under the leadership of district or municipal authorities, become networking units (lianyi danwei) of the Joint Committee, and take part in regular meetings organized at the TSSCCPC (my personal interview with staff of the Center) (Yuan 2009b: 6-7) (Shan 2009: 23) (Yuan 2009a: 6).

The TSSCCPC works in very proactive ways to get the CPC members engaged in party affairs and liaison activities. The TSSCCPC divides the Tianyi business area into four zones, and conducted a thorough questionnaire survey among the CPC members in this area in 2009. This survey enabled the TSSCCPC to obtain the major information of those CPC members and their expectations about what services the TSSCCPC should provide (Yuan 2009c: 6-7). Accordingly, the TSSCCPC has organized a variety of hobby teams and liaison activities and services to the CPC members in the Tianyi business area, such as general education lectures, employment information service, legal services, reading room, table tennis club and matrimonial club.

As stated by Mr. Luo Shaodong, deputy secretary-general of the Ningbo Research Institute for Party-Building (Ningbo shi dangjian yanjiuhui), in his lecture given for the “Tianyi Business Area Pary-Building Forum” (tianyi shangquan dangjian luntan), the emergence of “party-building in business area” (shangquan dangjian) is the response to the horizontalization (bianpinghua) of social structure and reconfiguration of urban spaces and industries. In this circumstance, the CPC
ought to employ new means to build its organs, such as the establishment of online communication platform, the incorporation of party-building with social services and hobby development for party members, and the consultation with the party members regarding the key decisions in business areas (Luo 2009: 14-15).

There was another article in the TSSCCPC’s monthly journal of Leading Tianyi (fengling tianyi) in 2010 that discussed the concept of “party-building in business area” in detail. According to this article, party-building in business area is committed to integrating scattered economic entities in an urban business area to be a closely inter-connected community, and in turn to enhancing the competitiveness of the business area and the city as a whole. Business area was regarded in this article as one of the basic spatial unit of contemporary urban governance, and its governance is essentially multilateral governance (Hai 2010: 7-8), which necessitates the establishment of new forms of engagement of the CPC organs to work hand in hand with local governments and business.

The TSSCCPC reflects CPC’s territorialized and horizontalized adaptation to the changing urban industrial, social and spatial structure, as well as its penetration into the burgeoning private sector. This mechanism helps to overcome the limitation of the CPC’s previously Danwei-based vertical party-building in urban China, and to create new channels to maintain and extend its membership basis and organizational organs in the private sector which is characterized by entrepreneurial self-employment and high level of mobility. The TSSCCPC manages to crosscut the boundaries of various industries, organizations and districts to develop horizontal connections and integrate the organizational network and capacity of basic-level organs of the CPC and a number of mass organizations, and thus become a significant player in the governance of Tianyi Square.

In parallel with party-building, the guideline of the “mass line” (qunzhong luxian) has also been implemented. The TSSCCPC has its “Mass Liaison Office” (mingqing lianluozhan), which provides an integrated platform for the population of the business area to meet CPC representatives, People’s Congress deputies, members of People's Political Consultative Conference, party-state cadres, as well as legal advisors (Wang 2009: 19).

In addition, a number of mass organizations have been established in the Tianyi business area. In December 2006, the NBCSDM invested 30,000 yuan to establish the Ningbo Haishu Tianyi Chamber of Commerce (Ningbo Haishu Tianyi shanghui, NBHSTCC) (NBFuda 2009: 44) under the auspice of the Haishu District Government. There are 76 member enterprises in the NBHSTCC, and those so-called “flagship stores” become executive member enterprises (NBDaily 2007a). The NBHSTCC becomes a formal institutional platform for enterprises in Tianyi Square to conduct dialogue and seek for collaboration with each other. Due to investor’s statues of the NBCSDM and significant patron of the Haishi District Government, the NBUCI and the Haishu authorities certainly play dominant roles in the NBHSTCC.

In 2009, the Tianyi Business Area Federation of Trade Unions (tianyi shangquan gonghui lianhehui) was founded, which organizes liaison activities among the existing trade unions in the Tianyi
business area and promotes the establishment of new trade unions with individual enterprise, industry or office building as the unit (Weng 2009: 17-18). For example, in December 2009, the Joint Trade Union of Ningbo Xingpu (Five-Star) Appliance Co. Ltd. (Ningbo Xingpu dianqi youxian gongsi lianhe gonghui) was founded (Zhao 2009a: 16). And in May 2010, the Tianyi Business Area Committee for Women’s Affairs (tianyi shangquan funü gongzu weiyuanhui) was founded under the instruction of the Haishu District Women’s Federation (Haishu qu fulian) (Yuan 2010: 11).

The extension of the CPC organs and mass organizations in various sectors of society, from private entrepreneurial and managerial classes, to new working classes, is largely a response to new demands of local governance in such new urban spaces as Tianyi Square. Those new organizational initiatives are made by local authorities, and their aims are political control and local economic development. It can be found that territoriality is a focal factor in forming such initiatives, as various types of organizational connections are being enhanced more horizontally than vertically. Various types of territorial units, from such smaller ones as Tianyi Square, to bigger ones like the Haishu District, have become the foremost organizational foundation upon which, new forms of coalitions of local governance, which usually consists of both the Party-state and non-state economic elites, are being formed.

3.3 Becoming a Permanent Project

Tianyi square has overcome the difficulties in its initial stage of operation, and has soon gained its fame as one of the most popular and accessible commercial center and public open space in Ningbo. In addition to enjoying the scenery and shopping facilities of Tianyi Square, Ningbo citizens and visitors can also be entertained by various commercial promotions and performances held in Tianyi Square, which are organized in the name of holidays, such as New Year and Christmas, or anniversary of Tianyi Square’s opening (NBDaily 2004b). Tianyi Square has received wide acknowledgement and acclaim from both in and out of Ningbo. For example, Tianyi Square was awarded “China Architectural Arts Award” (Zhongguo jianzhu yishu jiang) and “Top 10 Featured Business Street” (Zhejiang sheng shida shangye tese jie) in 2004, and the opening of Tianyi Square was awarded “Top 10 Most Influential News in Ningbo in the Past 20 Years” (Ningbo 20 nian zui ju yingxiangli de shida xinwen) (NBDaily 2004a) (NBDaily 2004b).

In addition, there has been a series of strategic urban spatial restructuring in Ningbo since the Tianyi Square project, according to which, Ningbo’s overall urban spatial layout, including the location of CBD, has been significantly changed.

Since January 2005, under the slogan of “Step Out of the Confluence of Three Rivers, Build a Greater Ningbo” (tiaochu sanjiangkou, jianshe da Ningbo), the Ningbo government has been building an “Eastern New Zone” (dongbu xincheng) in the previously eastern manufacturing outskirts, just on the axis of the eastward extended Zhongshan Road across the Fenghua River. The Eastern New Zone will consist of administrative, business, information and technological functional zones, and is ultimately aimed to create a multi-center spatial structure in Ningbo. The Eastern New Zone will occupy a total area of 15.85 square kilometers, in which, an area of 8.45 square kilometers will be reserved for the core zone as Ningbo’s administrative, international
trade, shipping service and financial centers in the near future (Guo 2008).

In 2002, the former suburban County of Yin (Yin xian) was annexed by the Ningbo Municipality and renamed Yinzhou District (Yinzhou qu), which added 1,380 square kilometers of land and a population of 730,000 to Ningbo Municipality (Zhou 2009). The Yinzhou District Government has been formally building its Yinzhou New Zone (Yinzhou xinchengqu) since 2003 with a total area of 33 square kilometers, in which, a “Southern CBD” (nanbu shangwuqu) was launched in 2005, which will occupy a total area of 530,000 square meters upon its final completion (NBDaily 2005) (Tang, Zhang and Yu 2008) (Tang, Zhu and Zhang 2010).

Since that Ningbo Municipality has significantly expanded its territory by annexation, and has been building giant-sized new urban cores, including two new CBDs, beyond its traditional downtown where Tianyi square is located, the venue of Tianyi square is no longer the only ideal location for Ningbo’s CBD. Besides, Tianyi square has been proven to be a great success as a retailing place and public space, or, Ningbo’s “living room” (Li 2004). Actually, Tianyi Square’s business operation by the NBUCI has been making a profit since just one year after its opening in 2002 (Shui and Zheng 2004). Therefore, there is no need for the Ningbo government to consider any plan to redevelop Tianyi Square once again, which was previously regarded as a transitional project in preparation for a “real” CBD. In short, Tianyi square has well secured itself as a permanent project.

4 Concluding Remark

Today, Tianyi square has been widely acknowledged as a big success. It has still been the largest and most influential mega project of urban redevelopment in downtown Ningbo. In addition to the significant improvement in the relocated households’ housing conditions, albeit realized in arguably tough manner, and which was largely implemented in conjunction with housing reform during that particular period, it has also significantly transformed Ningbo’s urban landscape in a revolutionary way, creating a contemporary urban public space of consumption, leisure and tourism in conformity with Ningbo’s industrial upgrading.

The development of Tianyi square itself has been an internationally-oriented transformation of local urban space with the introduction of trans-local capital and knowledge. The built environment of Tianyi square is the work of world-class architectural design and research institutions like Ma Qingyun’s MADA s.p.a.m., which introduced the latest forms of urban space to Ningbo. The involvements of international business management firms like the DTZ Debenham Tie Leung also brought eye-opening management models to Ningbo, despite their limited length of operation in the Tianyi Square project.

Tianyi square has been a place where local and trans-local capital and consumption meet and intermingle, and thus a space of flows of human, capital and information. Today, among the visitors and consumers of Tianyi square, it is easy to find non-local people and even foreigners, who come to this place to see the city’s landmark, and who bring their money and knowledge to
the city. The trans-local capital and knowledge it has brought into Ningbo have significantly altered local people’s consumption patterns, injecting leisure activities into local people’s consumption habits. As stated in an article in Ningbo Daily, those trans-local factors enable Ningbo’s commerce to synchronize (tongbu) and integrate (jiegui) with that of global metropolises (NBDaily 2003a). Tianyi square is also a symbolic success: it has been one of the most convincing evidences of Ningbo’s development achievements, as well as a new source of local pride for the citizens.

All those transformations are the outcomes of the local state-led project, the proactive creation of a new urban space, at the time when the city was badly in need of downtown redevelopment to improve people’s housing conditions, urban infrastructure, and to adapt to continual industrial upgrading mainly characterized by booming tertiary industries, yet the private sector was not well prepared to do it, and the government was not willing to compromise its regulation of urban planning and land-use to launch the project at a lower cost, or to take a passive wait-and-see attitude and hesitate to do anything.

This “CCD” project used to be an experimental or even temporary project due to the lack of a mature market and participation of capable local private sector, and was very probably to be replaced by a real CBD later on. These contingencies made the NBUCI decide to hold all the developed properties and do not sell out a square meter, and made the project a low-density one with large area of landscape. Ironically, those contingent features of Tianyi square, which was to make the development scale smaller and another redevelopment easier, turned out to be great advantages because they inject the new notion of leisure economy (xiuxian jingji) into the place, create a really contemporary urban public space for various organizations and individuals to hold activities and have interactions, and enable the NBCSDM to do unitary management of the project to continually adapt to the changing market.

The implementation of Tianyi square has been undertaken not directly by the Ningbo government itself, but by a public enterprise in an entrepreneurial manner. Mainly in order to overcome the restriction set by the central government in local government borrowing, the NBUCI, as referred to as a “city manager” or “city operator”, was established by the Ningbo government as an urban policy instrument to capitalize state land on the capital market, and to finance such a costly and risky mega project without a cent from local coffer. The free transfer of land-use right to the NBUCI was the key to the implementation of the project. The NBUCI’s partnerships with local financial institutions such as the Agricultural Bank of China Ningbo Branch and the Ningbo Commercial Bank, which were cultivated and guaranteed by the Ningbo government, have also been of vital importance for its sustainable financing capacity for long-range investments in urban redevelopment.

In addition, the Ningbo government never refrained from being involved in high-profile promotional campaigns for Tianyi square. Besides mobilizing Ningbo’s local media to intensively publicize messages of the project, the Ningbo government itself organized a series of press conferences in several first-tier Chinese cities to attract investors. And the Ningbo government also conducted liaison and consultation with Ningbo’s strong local manufacturing firms seeking
Heritage conservation, which is often seriously compromised in similar urban redevelopment projects, was moderately respected and realized mainly due to the contingent endeavors of heritage conservation activities and external checks from higher-level party-state media. The conservation did incur a considerable economic loss to the NBUCI. Yet, as the policy instrument of the Ningbo government, its adaptive commitment to heritage conservation and tolerance for short-term and partial economic loss reflected the need on the part of the government for public accountability and political legitimacy, especially when the condition has been widely publicized.

The post-development governing mechanism of Tianyi Square has been characterized by the long-range horizon of the NBCSDM as the property owner, and the proactive involvement of the local state agents at the district level, and the CPC’s territorialized and horizontalized party-building and development of mass organizations.

Tianyi square is both politically and economically important to the Haishu District Government, which governs the jurisdiction in which Tianyi square is located and deals with day-to-day administrative affairs of Tianyi square. the Haishu District Government has always be highly concerned with the development of Tianyi square as the No. 1 landmark of the city, because the long-term performance of Tianyi square is very probably related to the key officials’ career, and Tianyi square, with such a big area of commercial establishments, can very probably be a cash cow for the Haishu District Government if it is managed properly. As reported in an article in Ningbo Daily in September 2009, the total annual sales revenue in Tianyi square was 4 billion yuan, which accounts for almost one fourth of the total retail sales of social consumer goods (shehui xiaofeipin lingshou zong'e) of the Haishu District (Feng 2009).

Therefore, there has been a reciprocal partnership between the NBUCI, the major operator of business management authority of Tianyi square on behalf of the Ningbo Municipal Government, and the Haishu District Government, the actual administrative authority in this jurisdiction. The devolution of major administrative authority specifically to Tianyi square to assist the NBCSDM’s management has been realized in the form of the Tianyi Square Management Committee and the Comprehensive Management Office as the executive agency. This framework guaranteed the long-range and coherent management of Tianyi square as a commercial project and public open space.

Meanwhile, by establishing the Tianyi Square Service Center for CPC Members, the CPC has developed its territorialized and horizontalized technique of party-building and has well penetrated into the burgeoning private sector to maintain and extend its membership basis and organizational capacity in such new urban space as Tianyi Square. The parry-building has been implemented in parallel with the development of various mass organizations as important auxiliary instruments for the CPC’s authority pertaining to both private entrepreneurial and managerial classes and new working classes. Those endeavors at such a basic level as Tianyi Square are largely the adjustments to the market reform, and have been deeply engaged in the governance of Tianyi Square with CPC’s organizational network and authority, as well as its
auxiliary mass organizations.

In sum, the Tianyi Square project has been a pioneering and unprecedented successful urban redevelopment project in the history of Ningbo. In the process of its development and post-development governance, the Ningbo government and the NBUCI have been able to experiment a state-led entrepreneurial urban redevelopment regime and accumulate experience and build up confidence in further urban redevelopment.

The Tianyi Square redevelopment project is the prelude to the Laowaitan project, which was the second strategic urban redevelopment project undertaken by the NBUCI. Despite its smaller scale in comparison with Tianyi square, the Laowaitan project contained more interesting and complicated episodes, mainly because of its more heritage buildings and NBUCI’s correspondingly higher-level commitment to heritage conservation, its more symbolized re-interpretation of heritage, discourse-creation and place-making, weak connection and in some cases even mutually contradictory functions among different zones, as well as its essentially different post-development governing mechanism, in which an unitary governing body was at first non-existent, and later on was being established by the local state agents, yet with much weaker governing capacity and has to deal with atomized individual proprietors.


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