SPECTACULAR POST-COLONIAL CITIES:
MARKETS, IDEOLOGY AND GLOBALIZATION IN
THE MAKING OF SHANGHAI AND HONG KONG

by
Ying-Fen Huang
M.A., University of California Los Angeles, 1997
B.A., Fu Jen Catholic University, 1992

Dissertation Submitted in Partial Fulfilment
of the Requirements for the Degree of
Doctor of Philosophy

in the
School of Communication

© Ying-Fen Huang 2008
SIMON FRASER UNIVERSITY
Summer 2008

All rights reserved.
This work may not be reproduced in whole or part, by photocopy or
other means, without permission of the author.
APPROVAL

NAME Ying-Fen Huang

DEGREE PhD

TITLE OF DISSERTATION: Spectacular Post-Colonial Cities: Markets, Ideology and Globalization in the Making of Shanghai and Hong Kong

EXAMINING COMMITTEE:
CHAIR: Catherine Murray, Professor

________________________
Richard Gruneau
Professor
School of Communication

________________________
Martin Laba
Director & Associate Professor
School of Communication

________________________
Yuezhi Zhao
Associate Professor
School of Communication

________________________
Shane Gunster
Assistant Professor
School of Communication

________________________
David Ley
Canada Research Chair
Geography
UBC

DATE: August 7, 2008
Declaration of Partial Copyright Licence

The author, whose copyright is declared on the title page of this work, has granted to Simon Fraser University the right to lend this thesis, project or extended essay to users of the Simon Fraser University Library, and to make partial or single copies only for such users or in response to a request from the library of any other university, or other educational institution, on its own behalf or for one of its users.

The author has further granted permission to Simon Fraser University to keep or make a digital copy for use in its circulating collection (currently available to the public at the "Institutional Repository" link of the SFU Library website <www.lib.sfu.ca> at: <http://ir.lib.sfu.ca/handle/1892/112>) and, without changing the content, to translate the thesis/project or extended essays, if technically possible, to any medium or format for the purpose of preservation of the digital work.

The author has further agreed that permission for multiple copying of this work for scholarly purposes may be granted by either the author or the Dean of Graduate Studies.

It is understood that copying or publication of this work for financial gain shall not be allowed without the author’s written permission.

Permission for public performance, or limited permission for private scholarly use, of any multimedia materials forming part of this work, may have been granted by the author. This information may be found on the separately catalogued multimedia material and in the signed Partial Copyright Licence.

While licensing SFU to permit the above uses, the author retains copyright in the thesis, project or extended essays, including the right to change the work for subsequent purposes, including editing and publishing the work in whole or in part, and licensing other parties, as the author may desire.

The original Partial Copyright Licence attesting to these terms, and signed by this author, may be found in the original bound copy of this work, retained in the Simon Fraser University Archive.

Simon Fraser University Library
Burnaby, BC, Canada

Revised: Summer 2007
Abstract

This dissertation investigates the history and political economy of two Chinese cities, Shanghai and Hong Kong, in the context of debates about globalization and 'global cities.'

My inquiry focuses on the interwoven relationships between colonization, global capitalism, ideology, and the changing nature and objectives of national and local governments. On the stage of globalization, cities have become the sites of competition for the concentration of flexible global investment money, new technologies, media and cultural industries, in order to enhance their wealth and their status in the world. Becoming a global city is now a prized goal for many cities around the world, including Shanghai and Hong Kong. Since the 1980s this has led to unprecedented global inter-urban competition. Cities not only have capitalized on their traditional roles as financial and manufacturing centers, but many have also adopted a strategy geared toward the 'mobilization of spectacle' to boost their global status.

My work illustrates the ways in which Shanghai and Hong Kong, as two self-defined global cities, are engulfed by the formidable force of inter-urban competition in the Asia-Pacific Rim. Much of the analysis focuses on conditions arising from China's broader ideological and political move toward neo-liberalism. The Chinese government has actively promoted Shanghai into the hierarchy of the global urban order by launching a mega urban project, the Pudong Lujiazui New Area, by staging events, such as the Global Fortune Forum, and by massively rebuilding the city's skyline. Similar initiatives in Hong Kong include the creation of Hong Kong Disneyland. In both cases, these initiatives reflect a move toward a more 'entrepreneurial' urban culture. I argue, however, that such initiatives are more than a simple reflection of broader global political economic dynamics. Rather, the trajectories followed by both cities require an understanding of their colonial past. In the past, these cities were shaped by the spectacle of imperial capitalism. Today, they are willing participants in embracing forms of
globalization that continue to be heavily influenced by the West. I conclude that both cities’ current obsession with becoming global cities entails a complex and often contradictory post-colonial complex.

**Keywords:** spectacle; neo-liberal capitalism; reification; global city; urban hierarchy; spatial inequality

**Subject Terms:** globalization-China; urban renewal-China; city planning-China; polarization-China; human geography-China; cities and towns
Acknowledgements

This project has been overly long in the making, but not for want of encouragement and support from many people. My utmost gratitude goes out to Rick Gruneau, my senior supervisor. I feel extremely lucky to be benefited enormously from his wise advice and intellectual inspiration. I never left his office without feeling intellectually re-energized. It was because of his course in political economy, I survived the first year of disillusionment in the doctoral program. I am indebted to my supervisor Yuezhi Zhao. I owe her a great deal for her astute criticism and intellectual stimulation. She has been a tireless critic as well as a source of encouragement. Both of them are my role models of intellectual luminosity. Thanks also go to my supervisor Martin Laba for his constant inspiration to my work over these years and Pat Howard for her support I received during my early years at Simon Fraser University.

Thanks also are due the staffs in the School of Communication. Neena Shahani and Denise Vanderwolf, Lucie Menkveld and Monique Cloutier provided the much needed advice and assistance to make my doctoral study earlier.

Given the geographic scope of my project, my research could not be smooth without the help from several individuals in different cities. This list is, of course, a long one. At the risk of leaving some of them out I wish to acknowledge the individuals who have helped me directly or indirectly along the way: Yiwu Zhang in Beijing, Xiaoshi Yu, Yizhong Li, Lou Gang and Yiamin Bao, in Shanghai, Dixon Wang, Natalia Chan, Ackbar Abbas and Anthony Fung in Hong Kong, Tain-Dow Lee, Chu-joe Hsia, Ming-Tsung Lee in Taipei. They either offered friendly assistance in local institutional support or provided me intellectual interactions during my field trips. Chiang Ching-kuo Foundation for International Scholarly Exchange granted me a fellowship in 2002-3, which made possible to the first stage of my field works in Shanghai and Hong Kong.

The life of a PhD student could be daunting, suffering from various degrees of loneliness, isolation and pressure. Having said this, no one really writes alone. My
colleagues and friends at Simon Fraser University formed an enlightening and supportive intellectual community known as ‘Three Pillars.’ I want to thank my pillar fellows, Sebastian Touza, Sharla Sava, Fiona Jeffries, Pablo Mendez, Shamshad Khan, Paul Reynolds, Ted Hamilton, Andres Dimitriu, Scott Uzelman, and Camilla Berry for countless stimulating conversations and loyal comradeship. I am also obliged to Pablo Bose, Imran Munir, Abu Bhuiyan, Jihood Park, Toby Yip, Wei Gao, Zhaohui Meng, Augustine Kwan and Quentin Chan for their friendship and intellectual exchanges. I am very fortunate to know these brilliant souls and critical minds. George Rosenberg gave me helpful editing assistance and careful advice for the early draft.

I am indebted to friends in Vancouver: Jason Chen, Jenny Song, Susan Kim, Linda Zhao, Jony Li, Lina Liao, Chris Chen, Gill Lee and Bryan Chuang. They are the sources of entertainment and encouragement as they often rescue me away from my desk. In particular, Jason Chen’s sarcastic humour gave me good laughs that I needed to beat stress. Jenny Song is one of my best friends and a great neighbour. She gave me valuable advice in every aspect of my life. Susan Kim provided cheerful support and helped me in endless ways.

Privileged as I am in having a network of supportive friends distributed across the globe, my thanks go to my friends who live in other ‘global cities’: Tina Lin and Thomas Buchwalder in Paris, Tracy Chan in Muenster, Betty Tang in New York, Joanne Chuang in Philadelphia, Jung-Shang Wu in Saint Paul, and Sian Pai in San Francisco, Stephanie Hsu in Osaka, Hung-an Lin and Michelle Tsai in Taipei. I have known some of them since my teens and they are my most faithful listeners. I could not have overcome my emotional weakness in this long journey without their unreserved and enduring friendship.

Last, but far from least, I am overflowing with love and gratitude to my parents Cheng-Fu Huang and Mei-Chen Yen, and my sister Agnes Wei-Yin Huang for their tireless support and infinite love. It is their unconditional love and patience that led me to where I am today.
To my parents and sister
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval</td>
<td>ii</td>
</tr>
<tr>
<td>Abstract</td>
<td>iii</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>v</td>
</tr>
<tr>
<td>Dedication</td>
<td>vii</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>viii</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td><strong>PART I. THEORY</strong></td>
<td>11</td>
</tr>
<tr>
<td>Chapter 1. Theorizing the Spectacular Global City</td>
<td>12</td>
</tr>
<tr>
<td>Globalization, Cities, and International Interurban Competition</td>
<td>14</td>
</tr>
<tr>
<td>Globalization, Post-colonialism and Asia</td>
<td>21</td>
</tr>
<tr>
<td>The Limits of ‘Global City’ Discourses</td>
<td>34</td>
</tr>
<tr>
<td>Interurban Competition and the ‘Mobilization of Spectacle’</td>
<td>43</td>
</tr>
<tr>
<td>Ideology and the Critique of Spectacle in the Global City</td>
<td>48</td>
</tr>
<tr>
<td><strong>PART II. BEGINNINGS</strong></td>
<td>62</td>
</tr>
<tr>
<td>Chapter 2. Shanghai: Origins of the Semi-Colonial City</td>
<td>63</td>
</tr>
<tr>
<td>Shanghai’s Origins</td>
<td>66</td>
</tr>
<tr>
<td>Shanghai Encounters Colonialism</td>
<td>73</td>
</tr>
<tr>
<td>Shanghai’s Semi-colonial Political Structures</td>
<td>84</td>
</tr>
<tr>
<td>Political Conflicts and the Emerging Chinese Republic</td>
<td>91</td>
</tr>
<tr>
<td>The Changing Economic Context</td>
<td>97</td>
</tr>
<tr>
<td>Immigration Creates a Chinese ‘World City’</td>
<td>100</td>
</tr>
<tr>
<td>Shanghai’s Changing Semi-colonial Landscape</td>
<td>107</td>
</tr>
<tr>
<td>The Bund</td>
<td>108</td>
</tr>
<tr>
<td>Nanjing Road: The Birth of Spectacular Consumption</td>
<td>118</td>
</tr>
<tr>
<td>The Race Track in Shanghai</td>
<td>122</td>
</tr>
<tr>
<td>The Modern Movie Houses</td>
<td>124</td>
</tr>
<tr>
<td>Dancing Halls and Cabarets:</td>
<td></td>
</tr>
<tr>
<td>The ‘Vices’ of the ‘Paris of the Orient’</td>
<td>127</td>
</tr>
<tr>
<td>Indigenous Shanghai: Alleyway House Compounds</td>
<td>130</td>
</tr>
<tr>
<td>Chapter 3.</td>
<td>The 'Invention' of Hong Kong: China's 'Other' Colonial City</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>The Early Port City</td>
<td>142</td>
</tr>
<tr>
<td>The Changing Political Context</td>
<td>148</td>
</tr>
<tr>
<td>The Predominance of Capitalist Mercantilism and the Politics of Elite Co-option</td>
<td>158</td>
</tr>
<tr>
<td>The Social and Cultural Context</td>
<td>166</td>
</tr>
<tr>
<td>The Changing Colonial Landscape</td>
<td>174</td>
</tr>
<tr>
<td>The Peak</td>
<td>174</td>
</tr>
<tr>
<td>The Chinese Quarter</td>
<td>176</td>
</tr>
<tr>
<td>Modern Architectural Wonders</td>
<td>181</td>
</tr>
</tbody>
</table>

**PART III. TRANSFORMATIONS**

<table>
<thead>
<tr>
<th>Chapter 4.</th>
<th>Decolonizing Shanghai: From Maoism to Late 20th Century Globalization</th>
<th>189</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanghai Unloved: Maoism and the Communist ‘Producer City’</td>
<td>190</td>
<td></td>
</tr>
<tr>
<td>Reform and the Open Door: The Re-birth of the Coastal Cities</td>
<td>199</td>
<td></td>
</tr>
<tr>
<td>Globalization as the Official Ideology: A Neo-Liberal Shift</td>
<td>207</td>
<td></td>
</tr>
<tr>
<td>‘Marching Toward the World:’ ‘Remaking’ Shanghai as Manhattan of the East</td>
<td>214</td>
<td></td>
</tr>
<tr>
<td>The City for Sale: Great Metropolis and Spectacular Events</td>
<td>225</td>
<td></td>
</tr>
<tr>
<td>(Not) Belonging to the Global City: Urban Redevelopment in Shanghai</td>
<td>232</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 5.</th>
<th>Negotiating Post-colonial Hong Kong</th>
<th>257</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideology, Domination and Free Market Capitalism</td>
<td>259</td>
<td></td>
</tr>
<tr>
<td>Contested Landscapes: The Politics of the Spectacle and the Spectacle of Politics</td>
<td>268</td>
<td></td>
</tr>
<tr>
<td>Post-colonial Hong Kong: Asia’s World City in the Making</td>
<td>276</td>
<td></td>
</tr>
<tr>
<td>The Paradoxes of the ‘Other’ Spectacle: Hong Kong’s Public Housing</td>
<td>285</td>
<td></td>
</tr>
</tbody>
</table>


**Bibliography**

---

ix
Introduction

Throughout the 19th Century Asian cities had a presence in western consciousness primarily as an exotic 'other' to the great cities of the Western World. To the extent that Asian cities were recognized internationally, it was often through the lens of imperialism and colonization. In western eyes, the colonial modernization of Shanghai in the late 19th Century was the genesis of the city's evolution to become 'The Paris of the Orient.' Similarly, the British colonizers of Hong Kong typically saw the city as their own invention. Hong Kong's incredible growth and dynamism emerged in the 20th Century as a testament to the virtues of modernization and free market capitalism. The fact that the majority of residents in these cities were Chinese has often been little more than a back-story in western writing on the growth of 'world cities' in Asia.

It is certainly correct to say that the development trajectories followed by Asian 'world cities,' such as Shanghai and Hong Kong, have been shaped significantly by western capital and culture. In their distinctive ways, each of these cities has a different story to tell about China's often painful integration into new networks of international production and exchange associated with the growth of western industrial capitalism. Both have also been important political economic and cultural battlegrounds for 20th Century struggles between state socialism and international capitalism.

In the 21st Century, these cities have yet another story to tell – this time, about the changing face of globalization. For, if Hong Kong was 'invented' in the 19th Century, and Shanghai emerged as the 'Paris of the Orient' at a similar time, both cities are increasingly viewed as exemplars of an accelerating pattern of post-industrial globalization. In this postindustrial pattern of globalization, the older international circulation of commodities seems tightly-integrated with an unprecedented international
circulation of cultural goods, images and narratives. In today's globally-networked economy of signs and spaces, national sovereignty appears to have lost much of its past significance. In its place, the 'world city' has arguably taken on a greater role as the most significant node in international networks of circulation and accumulation.

This dissertation explores the growth and development of Shanghai and Hong Kong from their origins, and later emergence as western 'treaty ports' in the 19th Century, to their development as spectacular 'world cities' in the present day. The primary focus of the research, however, is not so much on close historical detail as it is on broad political-economic and ideological shifts and changes. Notably, my analysis focuses on the remarkable transformation of both cities in the context of the globalizing pressures and forces of the late 20th and early 21st Centuries. Since the 1980s, and especially over the past 15 years, both cities have increasingly acted as 'entrepreneurial cities,' to use David Harvey's phrase, with a view to continually positioning and marketing themselves as vital nodes in new global networks. This process has been accompanied by a self-conscious push to become 'world class' and to market the cities as sites for consumption and spectacle.

I argue that this push to position the two cities as 'world class' involves much more than a simple pragmatic response to the changing realities of international capitalism. Shanghai and Hong Kong, like their counterparts in the West, have most certainly been drawn into the postindustrial 'globalization' process in pursuit of competitive advantage. However, the existing general theoretical models of 'global city' 'post-industrial city,' 'postmodern city' or 'post-Fordist city' are not fully adequate to explain the distinctive paths of development, and unique cultural experiences, of Asian cities. Indeed, I argue that these cities express an enduring postcolonial complex. The conditions of colonization continue on in subtle ways with the current mania for urban spectacle. In this sense, it is important to examine continuities and discontinuities in the utopian imagery of both the 19th Century colonial city, and 21st Century 'world city.' To do this I pay particular attention to changing patterns of spatial inequality and to the ideologies and aesthetic forms that are inscribed in the built environment of both Shanghai and Hong Kong.
Before introducing an organizational overview of my dissertation, I want to briefly note how and why I selected Shanghai and Hong Kong as the two protagonists in my exploration. The first reason for my selection stems from my understanding of the available literature. There is a large body of scholarly literature on the economic and technological transformation of the world’s major cities and their deep involvement in globalization. Commentators from various perspectives have focused enormous attention on the city’s transformation in the past two decades. For example, in her widely acclaimed book *The Global City*, Saskia Sassen emphasizes the transformation in the forms of economy and in the structure of the market place within global cities. Sassen claims that “first-tier” global cities, such as New York, London and Tokyo, have undergone parallel transformations as centers of the global economy with centralization of specialized services and postindustrial production. As the world’s leading financial centers, with high concentrations of finance, insurance, real estate and business service employment, these cities have also emerged as global IT skills centers for the development of financial and business services software. Manuel Castells has called this a new ‘informational’ mode of production, and he asserts that the rise of ‘informational cities’ such as San Jose-San Francisco, Long Beach-Los Angeles, and Boston, is contingent on the spatial flows of new information-based industries and high technology capitalism. The concentration of information industries attracts telecommunications investment, which in turn reinforces the pattern of centralization for information-based activities in the cities. In a similar vein, Vincent Mosco has emphasized the spatial convergence that arises from the integration of new media and computer industries and he convincingly reveals how this integration has propelled a profound change in New York’s Silicon Alley. Technological convergence has transformed Silicon Alley into a high density global center for multimedia design and development, which is closely integrated into New York’s leading advertising firms, media and publishing industries.

---

Attendant to these transformations existing research reveals how the world's major cities have increasingly become focused on a cultural economy which has a strong emphasis upon leisure and entertainment. This has altered both the social economic organization and the aesthetic dimensions of the urban landscapes. Thus, David Harvey notes that in many American cities (Baltimore, Boston and New York) municipal officials and real estate elites have collaborated to establish organized spectacles in the cities – arcade shopping complexes, playful postmodern buildings and waterfront promenades. It is in the context of globalization that severe urban competition sparks a frantic search for new strategies for urban economic growth. Harvey states: "Imaging a city through the organization of spectacular urban spaces becomes a means to attract capital and people (of the right sort) in a period (since 1973) of intensified inter-urban competition and urban entrepreneurism."\textsuperscript{4} In her studies on urban culture, Sharon Zukin points out that the 'authorship' of postmodern architecture, the theme parks, and the private controlled public spaces, are the cultural features displayed by the city’s symbolic economy. The specialized sites of consumption create symbolic values on which economy thrives. At the same time, the façade of the city becomes so important that it enables to "[sell] urban growth."\textsuperscript{5} Similarly, John Hannigan argues that there has been a rapidly accelerating interest from both private and public sectors to construct the city as an entertainment destination. Cities in North America (Toronto, Las Vegas, and New York) have launched projects that often include entertainment components such as mega-complex cinemas, theme restaurants, and retail anchors. In Hannigan's comprehensive account, the ‘Fantasy City’ has emerged to bring pleasure, leisure, investment and profit to the city.\textsuperscript{6}

While researching this literature I became increasingly aware of how limited in scope it tends to be. Although the transition to the 'global city' is now a global phenomenon, much of the research and writing in this area has been centered on North American and western cities, with a few passing nods to cities in other parts of the world.


Fewer scholastic works have paid attention to the global city’s linked networks in Asia. In recent years, however, there have been several important contributions that focus on Shanghai and Hong Kong’s economic transformation and urban culture. One notable example is David R. Meyer’s *Hong Kong as a Global Metropolis*, a comprehensive study of Hong Kong’s role as a pivotal meeting point of Chinese and foreign social networks of capital since the city’s founding in the 1840s. From the perspective of cultural studies, Ackbar Abbas’ book, *Hong Kong: Culture and the Politics of Disappearance*, explores the forms and practices of representation of urban space, and of filmic space, to examine Hong Kong’s cultural identity in the light of post-colonial politics and cosmopolitanism. Kris Olds’ *Globalization and Urban Change* is an informative study of Shanghai’s tasks to construct Lujiazui, Pudong as a global ‘finanscape’. Olds frames Shanghai in the context of global flows in the cultural economy and he investigates the ways in which the city-based ‘Global Intelligence Corps’ has influenced spatial changes in the city. Edited by John R. Logan, *The New Chinese City: Globalization and Market Reform* collects essays on Shanghai’s urban development and planning. This brief collection contains analyses of globalization, urban planning and culture, illuminating the numerous transformations that have occurred recently in Chinese cities.

I was excited to discover this new work on ‘global’ Asian cities, but I also felt that the literature on Shanghai and Hong Kong remains underdeveloped. Some authors have stressed the two cities’ integration into the global economy and have characterized them using the fashionable category, ‘global city.’ However, there is a notable absence in the existing literature of the juxtaposition of the colonial legacies of these cities and current neo-liberal post-colonial condition, other than to theorize this as the transformation from a ‘colonial’ city to a ‘globalizing’ city.

---

This historical lack is not insignificant. Western literature in the fields of communication, contemporary urban studies, and cultural geography, rarely sheds much light on the distinctive history of cities. A broad contextual understanding of the histories of western global cities, such as New York, London and Paris is usually taken for granted. There is no shortage of historical literature, documents, and research both in formal or informal accounts, to build up a detailed background knowledge of western cities. However, the complexities of non-western cities are still poorly-understood in the West. Much of what is known, are merely fractions of history, coming from colonial travel writing or early scholarship which carries a western bias. There are certainly reliable sources to learn the history of non-western cities. However, this knowledge is typically limited to the field of Asian studies in western academia. I want to write a history that attempts to situate the study of Shanghai and Hong Kong more directly in the mainstream of the literatures on globalization and urban change.

The second reason why I choose to study Shanghai and Hong Kong is more subjective. It struck me that these two cities share a similar colonial legacy. They were both colonial port cities back to the 19th century. The later spectacular growth of these two cities has a direct link to their trade oriented histories. At the end of the Opium War (1839-1842) Shanghai was forced to open up to foreigners. The port city soon surpassed China’s better-known port, Canton (Guangzhou), in significance. In a similar way, by being ceded to Britain as a colony, Hong Kong was also opened up to foreigners. The terms of the Treaty of Nanjing in 1842 allowed foreign governments to set up settlements within Shanghai. A municipal council that was not controlled by the Chinese government became the key political body in the city. The ‘extraterritoriality’ of the inner city made Shanghai a semi-colonial regime, while Hong Kong was totally ruled by colonial hands. Dramatically enough, the strong foreign presence and colonial influence provided opportunities to these two cities that prompted significant migration both from China and around the world. The ‘open’ economic environment fueled the growth of a vibrant urban cosmopolitan culture, but also revealed and reinforced stark divisions based on race and class.

Guangzhou had been the only port in China where foreigners were allowed to trade since the 18th century.
Shanghai’s urbanization reached its peak in the 1930s. By that time, Shanghai was the fifth largest city in the world. Yet, after the Chinese civil war, under the governance of the People’s Republic of China, the city’s transformation stagnated, owing to Mao’s policy of ‘anti-urbanism.’ Shanghai’s legacy of modernization and entrepreneurialism was then passed onto Hong Kong. A combination of alleged economic laissez-faire and lack of political intervention by British colonial rulers in Hong Kong contributed to its speedy modernization. By the end of the 1980s Hong Kong had one of the world’s most globally-networked economies. It was not until the beginning of the 1990s that Shanghai finally struck back. In 1990, in yet another major move to deepen economic reform, the Chinese government decided to open up and develop the Pudong New Area of Shanghai. This act was a significant in globalizing Shanghai’s economy and accelerating the city’s integration into new networks of communication, production, circulation and exchange.

While conducting my research I became struck by the similar ways these two cities seemed destined to be bound together. For example, during the Sino-Japanese War, when Japan invaded Shanghai, there was a massive exodus of Shanghai’s elites and intellectuals. The outbreak of Chinese civil war brought another massive influx of refugees from Mainland China to Hong Kong. Shanghai entrepreneurs in the manufacturing and film industries brought an inflow of capital, which provided resources for post-war restructuring. It has often been said that Hong Kong was built by Shanghai money. Some forty years later, Hong Kong capital has poured into Shanghai to build the city’s futuristic and spectacular skyline. Stories of both cities are told in both places. Symbolic cultural artifacts from one are imitated, appropriated, and circulated in the other, as well as in new international networks that ‘sell’ these cities abroad.

No one explains the relationship between Shanghai and Hong Kong better than Chinese literature critic Leo Ou-Fan Lee. He claims these two cities are a ‘reflection’ of each other. “Colonial Hong Kong had always been a reminder of the semi-colonial anxieties of Shanghai’s Chinese residents.” These anxieties entail a process of self-revelation as colonial subjects. In a similar vein, Hong Kong has long viewed Shanghai as its other-self. Shanghai has always been a nostalgic imaginary for Hong Kong and this reveals something about Hong Kong’s obsession with its own identity. Lee has argued
that Hong Kong needs a genuine Chinese city, mixed with somewhat exotic colonial motifs as a reference point, against which to define itself. In other words, it takes one city to fully understand the other.\textsuperscript{12}

I believe that the intricate relationship between these two cities lies in their complex colonial legacies. On this point, Lee quotes Daisy Ng, “The lost property of Shanghai easily becomes a parable for the predetermined course of [Hong Kong] history.”\textsuperscript{13} The rivalry between the cities thus has both a political economic and a cultural form. Competitiveness on the global economic stage is also a battle for each other’s allegory. For former colonial cities such as Shanghai and Hong Kong, today’s aggressive foray into post-industrial globalization is tinged with residues of post-coloniality.

If I might make one final introductory comment, neither Hong Kong nor Shanghai is my home city. I come from another Chinese post-colonial city – Taipei, where the colonial ghost still haunts and the heat of engaging in inter-urban competition is also apparent. Born and raised in a city with an equally ambiguous post-colonial subjectivity, and constantly self-positioning, and searching for identity, I deeply feel that I am close to Shanghai and Hong Kong. This dissertation is a reflexive project for myself, and for my home city, as well.

In researching this project, I adopted a wide-ranging methodological approach, that drew materials primarily from three sources: secondary sources, intensive archival research, and press reports. Because of the breadth, and the concept-driven nature of the history I planned to write, I relied more heavily on secondary sources than I would have had I conducted a more traditional historical case study, or, alternatively, if I were writing an in-depth ethnographic account. The research materials that I used were multiple, and collected during multi-locale field work in Shanghai, Hong Kong and Taipei. I paid three visits to each city, although Taipei became a hinge point for my research where considerable intellectual and institutional supports were available. In Shanghai I had


\textsuperscript{13} Ibid, 332.
access to the Republic Era Collection in the Shanghai Library. Archival materials and Chinese secondary sources allowed me to paint a vivid picture of Shanghai as the ‘Paris of the Orient’ during its semi-colonial period. This Collection also included early 20th Century newspapers, books, journal, photos as well as the Shanghai Municipal Council document archive in both Chinese and English. Similarly, at Hong Kong University – my host institution while I was in Hong Kong - I explored the Hong Kong Collection, which featured government publications, unpublished government research reports, pamphlets, newspaper clippings, and books. In addition, given the ‘spectacular’ nature of my study, I became a ‘spectator’ of the ‘globalizing’ cities. To this aim, I took pictures in both cities where I could, especially of those colonial architectures, old alleyway houses, and more contemporary urban spectacles in both cities. My research and analysis were also informed by conversations with numerous local scholars, journalists, government officials, taxi drivers and pedestrians in both cities, who provided me with helpful information and often intensely-felt opinions.

This study is divided into three parts. In setting forth the analytical ground for the making of Shanghai and Hong Kong as global cities, I establish a theoretical and conceptual foundation in Part I. Chapter 1 examines literatures on globalization, post-Fordism, flexible accumulation, all against the background of changes in the Asia-Pacific that have propelled international interurban competition. This chapter also reviews the limitation of recent global/world city discourses. I also discuss Guy Debord’s conception of ‘spectacle’ as a critical instrument to examine global city mania, and its association with neo-liberal capitalism. The so-called global city is a city that is for sale. Along this line, I argue that the global city itself is the most reified form of the ‘spectacle.’

Part II provides historical and contextual information and analysis on the origins of Shanghai and Hong Kong as colonial cities. The two chapters in this section move through a number of historical and political contexts that have been crucial in the course of development to the spatial analysis of these two cities. Chapter 2 focuses on the spatial

---

14 When I tried to take photos on a demolition site from the Shanghai Academy of Social Sciences building, a scholar came to stop me and interrogated my identification and the purpose of my action. He argued that I infringed ‘national security’ and made sure that I put my camera back in my bag.
outcome of the seeds of modernization and imperial capitalism sowed in Shanghai from the late 19th Century to the eve of Chinese civil war (1945). In this chapter I explore the ways in which the built environment of the alleged ‘Paris of the Orient’ was sharply divided by racial and class inequalities. Chapter 3 focuses on colonial Hong Kong and examines how the colony was ‘invented’ by British imperialism. I give a brief account of the origins of the former colony and its path of economic, political and social development into the late 20th Century. As part of this analysis I examine how racial and social segregation in Hong Kong was literally stamped into the city’s landscape.

In the third section of the dissertation I focus on Shanghai and Hong Kong’s efforts to transform themselves into vibrant spectacular global cities in the post-colonial era. My research outlines how the ideology of neo-liberal capitalism has been embraced wholeheartedly by both post-colonial states. Chapter 4 pays attention to Communist Shanghai’s ever-changing official ideologies and urban spaces, mapping its shift from an ‘unloved city’ under Mao Zedong’s regime to a ‘global city with Chinese characteristics’ from 1992 to the present. Specifically, I focus on the ways in which the Communist state has promoted Shanghai’s ‘global city’ image by constructing spectacular urban spaces and by hosting ephemeral world-class events in the city. In addition, I examine the glaring disparity revealed by the city’s rapid redevelopment. Despite the city’s spectacular architectural boom, Shanghai’s fierce urban land reform has dispossessed many of the city’s citizens and has set up new forms of class and spatial segregation.

Chapter 5 illuminates the Hong Kong post-colonial government’s efforts to revive the city’s ‘global city’ status after a jolting Asian Economic Crisis and after the shift from British to Chinese rule. As in Shanghai, I show how radical pro-growth strategies were deployed in an effort to revive the city’s economy. Once again these strategies involved mounting a series of spectacular urban projects. This section of the thesis includes a summary and review of major arguments along with several concluding comments which emphasize the need to understand the paths taken by both global cities through an analysis of their colonial pasts and the often contradictory post-colonial complexes that their histories have engendered.
PART I.

THEORY
Chapter 1.

Theorizing the Spectacular Global City

So-called global cities of finance and command functions have become spectacular islands of wealth and privilege, with towering skyscrapers and millions upon millions of square feet of office space to house these operations. Within these towers, trading between floors creates a vast amount of fictitious wealth. Speculative urban property markets, furthermore, have become prime engines of capital accumulation. The rapidly evolving skylines of Manhattan, Tokyo, London, Paris, Frankfurt, Hong Kong, and now Shanghai are marvels to behold.

David Harvey,
*A Brief History of Neoliberalism*,
Oxford: Oxford UP, 2005.1

Shanghai’s marvellous skyline literally leaps into the global popular-consciousness when Tom Cruise’s character in *Mission Impossible III* hurls himself from the top of the Bank of China to the slope of the BOCOM Tower in Pudong. This scene is followed by an intense car chase in Shanghai’s most bustling area on the Bund. Shanghai’s futuristic landscape – with aesthetic motifs reminiscent of the movie *Blade Runner* – are intermixed with images of the city’s older colonial landscape. Similarly, in *Lara Croft Tomb Raider: the Cradle of Life*, Angelina Jolie and Gerard Butler’s characters parachute dramatically from the then-under-construction Two International Finance Centre skyscraper in Hong Kong, landing on a ship out in Victoria Harbour. Their parachute ride captures Hong Kong’s strikingly sleek image as a world-class metropolis. Images of dramatic and futuristic skylines in both cities present their landscape as a reified, and consumable ‘spectacle.’ This resonates with Guy Debord’s

formulation that “spectacle is capital accumulation to the point when it becomes images.”

Many people around the world know Hong Kong as a regional financial centre in Asia—a bustling, cosmopolitan metropolis. By the mid-1990s, the city had established itself as a key player in global capitalist expansion. Since that time more people also have come to know Hong Kong by its prominence as spectacle—the cityscape of skyscrapers, clusters of apartment towers, street scenes with oversaturated signboards, shopping complexes literally everywhere, the variety of commodities that fully occupy the consumptive eye, martial art-packed cinemas, and the bewildering and exotic clubbing scenes in Lan Kwai Fong. The city continues to develop ‘world-class’ spectacular projects such as the new international airport commissioned by Norman Foster, the building of Hong Kong Disneyland, and the up-scale high-tech and residential development, Cyberport.

Shanghai’s story as a 21st Century ‘global city’ also began in the 1990s. For roughly 16 years the old industrial city underwent a drastic facelift. Like Hong Kong, Shanghai now arouses the imagination by virtue of its glamorous new landscape and spectacular urban entertainments, which brim with energy, glitter and excitement. At night, the sparkling lightshow of the elegant colonial edifices on the Bund, and the soaring skyscrapers in Pudong, form a spectacular panorama. Residents and visitors of Shanghai ‘feel’ that the city is consciously catching up with the world, (if not just catching up with Hong Kong). World-acclaimed architects have been commissioned to build the city’s mushrooming 21st century skyscrapers. The city has built the world’s fastest high-speed monorail, and proposes to build the world’s tallest building, joining the cluster of skyscrapers in Pudong. All of these changes are clear and powerful visual indicators of post-1970s ‘globalization.’ There is, of course, considerable disagreement about the nature and scope of globalization in the world today. There is also debate about globalization’s historical complexity, formations, processes, ideologies, identities and implications. Still, it is hard to deny that globalization is now a dominant condition of our

time and space. It is no longer just a fashionable catchphrase; it indicates, more than anything, a profound shift in the lives of hundreds of millions of the world's citizens. Globalization might have a long history (from at least the late 15th Century onwards), but the consciousness it promotes in the contemporary world, and the momentum it generates, are unprecedented.

**Globalization, Cities, and International Interurban Competition**

For almost two decades globalization has been a highly contentious issue. Debate on the issue has been marked by a recurrent series of theoretical contrasts about: global vs. local, West vs. East, core vs. periphery, borderless vs. boundary and integration vs. fragmentation. The complexities of globalization involve a wide range of economic, political and cultural dynamics. However, at its core most commentators agree that globalization as commonly understood and experienced today is closely linked to the triumph of global capitalism in the late 20th Century. Interestingly, though, while many of the forces creating globalization first developed in the West, this is also where the most critical views of globalization have emerged. By contrast, there has been much less critique in the non-Western world and especially in Asia. Many non-westerners have a largely positive view of globalization, and seem desperate for the intensification of its effects. This is not so difficult to understand. The ideology of globalization has created an illusion that the borderless global integrated market can instantaneously eliminate the demarcation between the developed and the undeveloped worlds, as well as between the core and the periphery. In this discourse, we now appear to live in a new globalized society, 'one world,' in which the concept of the nation-state has retreated into the background, and in which, as Peter Dicken states, "consumer tastes and cultures are homogenized and satisfied through the provision of standardized global products." Dicken goes on to make the sweeping claim that the "end of geography has arrived and everywhere is becoming the same."

---

4 Ibid., 3.
However, the discourse of the decline of the nation-state glosses over continuing world domination of the core capitalist countries. The domination exercised by these core capitalist countries is presented in particular by the formidable forces of multinational corporations who now have a global presence. Not only does the presence of these multinational corporations in the non-western world, promise economic growth and the creation of job opportunities, but the prevalence of global products and global cultural forms associated with these corporations fulfills, for the non-western world, an image of globalization as a positive condition where affluence is possible and difference is eliminated. Against this view critics maintain that globalization still carries forces of earlier forms of economic and cultural imperialism especially in respect to the connections between globalization and concepts such as ‘modernization’ or ‘post-industrialism.’

The process of globalization has mostly manifested itself in reference to the site of the city. While there is considerable debate about the forces that are the key elements of globalization, research suggests that globalization has been driven by an increasing number of wide-ranging, open and fluid flows of capital, technology, information, media and migration, which have substantially restructured the world over the past half-century. Central to this perception is the seemingly vibrant dynamic and rapidly expanding global economy. Globalization has arguably come to rival the brutal competition among nation-states – focusing on military and territorial expansion – with an equally keen competition in the global economy, in which the city is the nodal element rather the nation-state. The city becomes a significant place where the geographic dispersal of activities that determines globalization has largely been anchored. That is to say, the dispersal capacities of the global economy have made the city a center of management, coordination and implementation.

In many respects, this is nothing new. Cities have always been the central nodes in regional, national and international networks of communications, commerce and politics. But, many writers have noted how the importance of cities in these areas has grown even more notably, particularly as a consequence of initiatives for deregulation and privatization that occurred in the 1980s in many nations around the globe.
Deregulation was particularly noticeable in the communications industries, prompting an opening up of national media systems to new multi-national competitors. It also promoted increased mobility of capital and labour and paved the way for the creation of new international free agreements, such as the General Agreement on Tariffs and Trade (GATT), the North American Free Trade Agreement (NAFTA), as well as the creation of a united European Economic Community. In this context, a handful of major cities in various regions of the world have taken on a more visible and arguably more significant role in the global economy than ever before.

Saskia Sassen, one of the leading proponents of the view described above, emphasizes that: "[T]he more globalized the economy becomes, the higher the agglomeration of central functions in a relatively few cities, that is, the global cities." Thus, economic globalization propels these global cities (or those that are candidates for the status of global city) to compete with each other: in attracting global investment money; enhancing their urban infrastructure and information technological resources; bidding for global cultural and recreational projects; and promoting their quality of life.

The guiding principles of the global city are those of entrepreneurialism and competition; and the language in which the global city expresses itself is the rhetoric of global capitalism, whose key terms include capital, investment, profit, consumption, competitive edge, and sustained growth.

As in the case of globalization itself, the global city is the subject of enormous controversy amongst academics, politicians, and even within public opinion more broadly. The global city assumes the image of brilliant success where everything is 'world class.' But, there are also problems that have attached themselves to the phenomenon of globalization. On the one hand, for example, one finds affluence, excitement, sophistication and spectacular entertainments. On the other hand, however, cities themselves are integrated into new global patterns of economic and spatial polarization of social classes and ethnicities. This occurs both within the global city and in its relationships to other cities around the world. For as Mike Davis keenly observes...

---

the anti-thesis of the ‘world class’ city is the “planet of slums.” The absence of credible alternatives drives cities around the world to devote immense energies and resources to the pursuit of becoming a global city. Civil leaders in cities around the world believe they have no choice but to globalize themselves.

The rise of globalization and the phenomenon of intense interurban competition that has accompanied it, are linked together in the historical context of a shift in the dominant mode of production that occurred in the 1970s. That decade marked a very significant movement in the development of the world economy, a moment when turbulent restructuring was taking place. A number of significant changes occurring at that time resulted in the end of a prolonged period of economic growth that had lasted, in the major Western industrialized countries since the end of the Second World War.

Marxist theorists are divided about whether these changes represent a major transformation in the capitalist mode of production in the 20th Century, or whether they are nothing more than adaptive movements within it. Nonetheless, in recent years numerous theorists, Marxist or otherwise, have argued that something decisive has happened in global capitalism since the 1970s. One particularly influential school of thought describes these changes as a transition in the capitalist mode of production from ‘Fordism’ to ‘Post-Fordism.’

Fordism takes its name from an essay by Antonio Gramsci in the 1920s. Gramsci invoked the term to describe a ‘type of society’ whose economy was shaped by a heavy reliance on centralized ‘mass production’ along the lines of the factories that Henry Ford had introduced in the automobile industry. Ford also understood that workers needed to have sufficient disposable incomes to afford to buy the commodities they were purchasing. Mass production of manufactured goods required mass consumption. Gramsci went further, though, and argued that this type of society also had accompanying

---


methods of organizing labour, along with distinctive patterns of economic, class and community relations.

These ideas were taken up, and popularized, in the work of a group of French ‘regulation’ theorists in the 1970s led by Michel Aglietta and Alain Lipietz. The regulation theorists argued that ‘Fordism’ was a distinctive “mode of accumulation” within 20th Century capitalism, which was accompanied by a distinctive “mode of regulation.” The mode of regulation referred to complex material and ideological factors that stabilized the system and legitimated it. That included the use of techniques of “scientific management” on the factory floor, and the development of regulatory political structures and philosophies, including tariff protection for industry and substantial state regulation, Keynesianism, and the development of the welfare state. However, in the 1970s, deep economic crises were challenging even the most affluent Western nations. The regulation school took the lead in suggesting that ‘Fordism’ was in crisis and had reached its apogee. In response, there seemed to be considerable evidence of a new ‘post-Fordist’ regime of accumulation, with an accompanying new mode of regulation.

This idea was picked up and championed by many writers, and there appeared to be a growing consensus among critical analysts as to the events that had led to the breakdown of ‘Fordism’ and to the emergence of ‘post-Fordism.’ From the late 1960s, the argument ran, the capitalist mode of production began to experience a major downturn, featuring declining productivity and profit. Inflationary pressures combined with possibilities stemming from computerization and new communication technologies led businesses in the advanced capitalist countries to close manufacturing outlets and to outsource jobs to third world countries. The result was a high unemployment rate in the US and Europe, after a decade of nearly full employment. In 1973, a sharp recession occurred, brought about by the OPEC oil price crisis of that year, and the continuing US involvement in the Vietnam War (which did not end till 1975). To these factors was added the decline of US hegemony over world monetary policy, followed by effects

---

stemming from the collapse of the Bretton Woods system, which resulted in the instability of the world of finance, and made it easier for foreign competitors to challenge the US economy.

In response to these challenges, businesses in North America, as well as in many parts of Europe, embarked on an aggressive strategy of restructuring and displacement. Most importantly, businesses pushed for greater flexibility and mobility in respect to labour processes, the spatial dispersal of production, and to the search for alternative products and markets. A tendency towards 'de-industrialization' in advanced capitalist countries intensified competition with relatively rapid development of a number of new industrial countries (NICs) that were struggling to develop the industrial base of their own economies. As production outlets in old industrialized towns in North America were closed or re-tooled for greater flexibility, they were often replaced by the opening of branch plant factories located in the NICs. At the same time, the push for increased flexibility and 'easier' mobility for capital and labour led to the widespread polices of 'de-regulation' noted earlier. The terminology often differs – industrial to post-industrial; Fordism to post-Fordism; organized to disorganized capitalism – but most of the conclusions offered by researchers are the same. By the late 20th Century global capitalism had undergone a dramatic transition with far-reaching effects.

Adversely affected by the broad structural changes of post-Fordism, cities in the advanced capitalist countries struggled to survive. Due to the bankruptcy of the Keynesian state, government began to rely more heavily on investment from the private sector to revive the economy of the city. On this point, David Harvey notes the "grim history of deindustrialization and restructuring that left most major cities in the advanced capitalist world with few options except to compete with each other, mainly as financial, consumption, and entertainment centers." To do this, cities in the advanced capitalist countries tended to concentrate on the "commercialization of more or less permanent

---

10 Ibid., 92.
spectacle" in order to find new sources of economic growth while maintaining the search for flexibility in production.

These developments profoundly influenced a new expansion and concentration of post-industrial sites: sites that have come to involve the relocation of the division of flexible labour, the re-networking of the flows of capital; the displacement of people; and a new sensibility of social and aesthetic consciousness. Following Harvey, Timothy A. Gibson's research on Seattle offers an illuminating case study. Notably, Gibson shows how the survival of the post-Fordist city strongly relies on the 'flexibility' of accumulation – of capital, labour, production sites, and markets – to cope with an increasingly fickle global economy. Facing intense interurban competition Seattle scrambled to invest in downtown revitalization “through the redevelopment of downtown retail and waterfront districts into lavish and glitzy spectacles of upscale tourism and leisure.”12 The mobilization of urban spectacle and of aggressive entrepreneurialism have become the classic strategies used to craft a city's image and to boost its economy. Further, although post-Fordist production, and the rise of the post-Fordist city, are primarily theorized in terms of the American context, Gibson argues that the phenomenon of interurban competition has extended to a global scale. This is due to the geographies of globalization that have been directly triggered by the demands of post-Fordist production, and to the aggressive growth and industrialization of previously 'developing' economies, particularly in East Asia. Gibson notes that on the stage of globalization, Seattle had to compete for global investment, not only with its domestic American post-Fordist fellow cities, but also with Asian global cities such as Tokyo and Hong Kong. The motor of competition was driven by the "all-important 'Pacific Rim' markets like Indonesia, Malaysia, China, and Japan."13

11 Ibid., 90.
13 Ibid., 86.
Globalization, Post-colonialism and Asia

Recent decades have seen 'Pacific Asia' emerging as a popular subject for analysis in various fields of study. Numerous geographers, economists, and sociologists, have recognized that "the center of gravity of world economic activity...has increasingly edged away from the Atlantic into the Pacific Area."14 As Manuel Castells has written,

I think that it is fair to say that the Asian Pacific has become the main center of capital accumulation in the planet, the largest manufacturing producer, the most competitive trading region, one of the two leading centers of information technology innovation and production (the other is the US), and the fastest growing market. The rise of the Pacific has undoubtedly changed the geoconomics and geopolitics of this end of millennium.15

Pacific Asia, however, is not the only new competitor in postwar global capitalism. The competition from the East Asian and other NICs also played a role in accelerating the transformation of the economies of the United States and Europe in the 1970s, to post-Fordism. Harvey points out in this connection that,

It was at about this time too that import substitution policies in many Third World countries (particular Latin America), coupled with the first big push by multinationals into offshore manufacturing (particularly in south East Asia), brought a wave of competitive Fordist industrialization to entirely new environments, where the social contract with labour was either weakly enforced or non-existent.16

Indeed, the NICs registered record high, economic growth rates, not only during the prosperous late 1960s when international trade and investment were expanding rapidly, but also through the 1970s and 1980s, when they managed to sustain their dynamism in the face of several oil price hikes, a global recession, and rising protectionism in their major export markets.17

16 Harvey, 1990, 141.
17 Ibid., 95.
Paul Hirst and Graham Thompson argue that the historic transformation leading towards post-Fordism must be considered as an initial manifestation of globalization - in which products, markets, capital, and labour become truly global. From this perspective, East Asia’s evolution of export industries should be seen as part of the broader process of globalization, in which the mode of flexible accumulation or flexible specialization creates hierarchical divisions of labour within and between regions. Thus, the relatively low production costs, poor union organizations, and efficient labour process of the East Asia economies, drive the U.S. and Western Europe towards specialization in services.

The 1980s saw the NICs -Taiwan, Hong Kong, Singapore, and South Korea - successfully upgrading from labour-intensive industries to capital- and technology-intensive ones. The export strategies of these countries involved products and goods, the production of which required significantly higher levels of knowledge, skill, and technology. At the same time, a high level of saving and high per capita GNP, made possible the development of these countries into consumer societies. In terms of the new global economy, this has meant that these countries became alluring markets. Their economies evolved from being export-led to consumer-driven and from being tightly-regulated by government intervention, to a more market-oriented condition. As these fundamental economic changes were taking place, another tier of Fordist economies emerged in South East Asia, namely, Malaysia, Thailand, Indonesia, and the most formidable force, China. Exporters in East Asia NICs, who now faced rising labour costs at home and growing competition abroad, began moving their factories to countries with second-tier Fordist-economies, and especially China, in order to tap into the pool of low-cost and docile labour.

The term ‘Pacific Asia’ has been surfacing in recent scholarly writing, primarily to reference the regime’s prosperity from the 1990s onwards. Trade across the Pacific Ocean today already surpasses its trans-Atlantic counterpart. And the four Asian NICs have experienced spectacular growth in terms of the global economy. Before the Asian economic crisis of 1997, the average annual growth rate of GDP was between 5.2% and 8.3% for these NICs and their foreign currency reserves top those of most G8 countries. They have achieved a level of economic development close to that of the advanced
capitalist states. The success of these Asian NICs has been followed by that of the four nations from the Association of Southeast Asian Nations (ASEAN) - Indonesia, Malaysia, Thailand, and Philippines. The 'core' capitalist economies have been outsourcing their investment in these countries owing to the growing consumption of goods and services now found among developing countries in the region.\textsuperscript{18}

This leaves China, without reference to which, the picture and analysis of a thriving 'Pacific Asia' would be incomplete. Since its market-oriented economic reform began in 1978, China has quickened its pace of economic growth. Since 1990, its GDP rate of growth has been consistently and amazingly maintained at a two-digit level. There is a massive inflow of Foreign Direct Investment (FDI) into Chinese coastal cities, especially Shanghai, from major advanced capitalist countries, including the United States, Japan, and Germany as well as from the developed East Asian NICs. China has emerged as a major center of labour-intensive manufacturing, a leading engine of growth in the world economy. Owing to the sheer size of its population and to the growth of its urban middle-class, it has become the largest global market after the United States, and has added a new dynamic to the political and economic life of East Asia.

Existing literature on Asian economies has not fallen short of interpretations about the rise of East Asian globalization. The focus in this literature is typically on economic growth, development, and progress, and economic performance tends to be singled out as the foremost agent leading towards globalization. This approach certainly helps to understand the changing economic horizon of East Asia. However, it usually fails to articulate the politics of post-coloniality. Although the era of colonization now appears to be a distant past, there is more need than ever to adopt an historical perspective to comprehend the resurgence of East Asia.

From the mid-19th Century to the beginning of the Second World War, East Asia was seized by western imperial powers. Britain and France controlled much of Indochina; the United States was present in the Philippines, the Dutch in Indonesia, and Japan in

Taiwan and Korea. China was never taken over by western imperialism, however, its coastal cities were forced to allow foreign settlements, with the presence of Britain, France, Japan, Russia, Germany, and the United States. During this period of time, the urban centers of East Asia, such as Bangkok, Singapore, Hong Kong, Manila, Saigon, Guangdong, and Shanghai served as 'colonial command centers' in the network of imperial capitalism.

The end of the War in the Pacific in 1945 brought the western imperial project into a troubled post-colonial phase. New nation states became independent with their share of national aspirations, against a background of war and political strife. Independence for former colonies was often conflict-ridden and characterized by powerful ideological struggles. The Philippines became independent in 1946, but this was soon followed by the Huk guerilla movement in 1948. Because of the uprising of Malaysian Communists, the independence of Malaya and Singapore were delayed until 1957 and 1959 respectively. Indonesia gained full independence in 1949, whereas Hong Kong remained as a British colony. Communism proved to be a powerful de-colonizing force in the region but it brought China and Korea into civil wars. Chiang Kai-Shek’s Republican government retreated to Taiwan in 1949, whereas Mao’s People’s Republic China, initially allied with the Soviet Union, seized the Mainland. The outbreak of war in Korea in 1950 determined the separation of North and South Korea, and brought China into direct conflict with the United States. Consequently, the United States abandoned its role as a mediator in much of the region and shifted its foreign policy almost completely towards anti-Communism.

This political turning point ushered in an age of anti-communist containment in East Asia. By forming anti-Communist allies as part of its approach to decolonization, the United States imposed what Jacques Hersh has called “benevolent hegemony” over East Asia post-colonial states. There was massive aid in the forms of economic and military assistance, provided by the United States, and by the United Nations to East Asian economies, such as Taiwan, Hong Kong, Korea, Singapore, Vietnam and the Philippines. Britain also provided aid to its colony Hong Kong and to its former colony Singapore. The economies were thus ‘blessed’ by foreign interventions and favourable
export environments. The process of decolonization set the former colonies free from the old hand of imperialism, but at the same time, under the complexity of post-war geopolitics, the East Asian states remained ideologically and economically trapped in the hegemony of US-Britain-led globalism. Still, authoritarian governments in East Asian nation states were able to play an effective role in the region’s post-colonial economic revitalization and industrialization. Political repression enabled certain nation states to pursue carefully-planned economic policies, employ labour discipline, and minimize political resistance to industrialization and modernization. Ironically, a considerable degree of economic growth and modernization were created on the backs of political and ideological repression. In the context of national building, a postwar concentration on industrialization and modernization helped to establish national identity and legitimate political authority. The three NICs, Taiwan, Korea, and Singapore enjoyed relatively stable postcolonial development due, in many respects, to the authoritarian state apparatus.

As an ongoing colonial regime, Hong Kong was the only exception that was free from the mood of post-colonial nation-building. In the late 1960s the colony made a successful transition from entrepôt trade to establish a labour-intensive export-oriented industrial economy. This was made possible by the dominant ruling ideology of the colonial regime, which exercised tight political control, on the one hand, and promoted the doctrine of free market capitalism on the other. Colonial political control had effectively silenced political dissidence since the creation of the colony in 1842. At the same time, Hong Kong’s comparatively ‘open’ economic policy allowed it to maintain important links to European capital while attracting FDI. The U.S. and Japan were the two major sources of FDI along with already existing colonial investment from Britain. Similar to other NICs, Hong Kong’s globalizing economy did not contribute to its own political autonomy. With its low cost, diligent, docile and flexible labour force, weak trade unions, friendly entrepreneurial environment, and stable political climate, Hong Kong’s economy moved quickly after the War into stable Fordist industrialization. Its competitive edge in the 1970s particularly challenged many western industrial states, which faced massive labour displacement, domestic and international fiscal crisis, and market volatility. These states desperately sought to move forwards toward more
adaptable, flexible, and geographically mobile post-Fordist production. Yet, the rising Fordist power houses in East Asia, such as Hong Kong were experiencing different conditions. Hong Kong’s economic prosperity was greatly enhanced by prevailing post-Fordist ideology and policy in western nations.

The successful development of East Asia economies after the war have produced a plethora of analytical discourses. The most frequently cited literature is the World Bank’s ‘East Asian Miracle Report’ which “[regards] the miracle of Pacific Asian development as a prime example of a market friendly approach that gets the macro-economic basic right (high rate of saving, investment, expenditure and education etc.).”19

Yet, the ‘East Asian Miracle’ approach mystifies an intricate phenomenon through the use of simple facts. Commentators who adopt this approach are usually strong supporters of neo-liberal market principles. They often emphasize the success of economic policies, such as export-oriented industrialization, as keys to the rapid accumulation of East Asia NICs and they argue that state intervention should be limited to promote a market friendly environment which allows business as much ‘flexibility’ as possible. Mark T. Berger has pointed out that ‘Asian Miracle’ discourses tend to represent “an historical and technocratic explanation for and decontextualized lessons from, the transformation of Asia.”20 More notably, he argues:

Against the background of the end of the Cold War, the neo-liberal ascendancy increasingly sought to appropriate East Asian capitalism. The East Asian Miracle was promoted as a recapitulation of a romanticized liberal version of the earlier rise of the West providing confirmation and comfort to those who believe that the accumulation of wealth was primarily the result of hard work and virtuous conduct.21

What the ‘Asian Miracle’ discourse reveals most, however, is East Asia’s inexorable post-colonial condition. Aggressive modernization and neo-liberal free market


21 Ibid., 156-7.
policies became key postcolonial strategies to assert Asia’s position in the global system. However, these strategies have also kept East Asian capitalism closely connected to Anglo-American globalization. In this sense, the discourse of the ‘Miracle’ was an ideological and instrumental invention, an idea that was born, not in any Asian nation, but in the West. It reflected a strategy that was first initiated in the western neo-liberal attack on Keynesianism in the 1970s and the demand of western business for increased flexibility. These ideas were simply re-applied in Asia, leading to a complex stew of Fordist and post-Fordist, colonial, and post-colonial tendencies.

The ‘Flying Geese’ model created by Japan illustrates some of the complexity of various pathways of economic development in the East Asia economies. Japan’s economy took off in the 1950/60s following by four NICs in the 1960/70s, ASEANs in the 1980/90s, and socialist states China and Vietnam in the 1990s. This point of view is different from the ‘Asian Miracle’ model because of its acceptance of state intervention in the economies of developing states and most significantly, accentuating the leadership and heritage of Japan in East Asia. Buffering neo-liberal capitalism in the region, Japan’s ambition is to revive its own imperial propaganda by promoting a ‘Greater East Asian Co-Prosperity Sphere.’ Japan imagines itself as the ‘lead goose,’ in this sphere by provoking East Asia’s collective post-colonial desire to restore historical pride, which was negated psychologically and economically during the colonial period.22 Like the discourse of the ‘Asian Miracle’ model, the theory of Flying Geese has ideological undertones, in this case associated with Japan’s desire to be a regional post-colonial leader. In contrast to the neo-liberalism of the ‘Asian Miracle’ approaches, Manuel Castells emphasizes how government was the driving force of transformation in what he calls the ‘developmental states’ of East Asia.

When the societal project respects the broader parameters of social order (for example, global capitalism), but aims at fundamental transformations of the economic order (regardless of the interests or desire of the civil

society), I propose the hypothesis that we are in the presence of the developmental states. 23

Castells highlights the social and economic contexts of the developmental states, but also the importance of national affirmation in their ‘societal projects.’

The historical expression of this societal project generally takes the form (and was the case in most East Asian experience) of the building, or rebuilding, of national identity, affirming the national presence of a given society, or a given culture, in the world. 24

Castells’ account is significant for its attempt to retain a focus on the role of the state in development in contrast to more market-oriented globalization approaches. However, I do not believe that Castells goes far enough in analyzing how trajectories of East Asia developmental and socialist states (China) bore a collective sensitivity to post-coloniality. In the later chapters, I explore how a unique set of post-colonial dynamics gave continuity to long-standing geo-economic and geo-political interventions in this region, led by Western capitalism, and by a parallel zeal for modernization as a key element of nation-building. In China, especially, economic development has not simply been a reactive response to economic crises in the West, nor a simple spread of globalization. Rather, it must be seen as a colonial counter strategy of survival and identity aiming to reclaim a position in the new hierarchy of global order. The irony is, that these assertive strategies carry the risk of trapping Asian countries in an ongoing position of ‘liberal’ post-coloniality.

China’s case provides a useful example. After Mao’s demise, the political alliance supporting communism remained intact, but with a new and peculiar relationship to the market. Deng Xianping’s reformist regime made a ‘right’ turn in the 1980s to pursue neoliberal economic development following the steps of NICs. Although China was virtually free from the influence of the so-called ‘benevolent hegemony’ of the United States, its “developmental discourse began to shift from Marxian economic categories to that found

24 Ibid., 271.
in Western liberal capitalism, and converged with U.S.-led initiatives for globalization. Similar to NICs, China’s process of globalization was accompanied by fighting internal political control and aggressive external economic integration. In less than a decade, the fruit of Economic Reform had grown remarkably. By 1986, “China’s gross social product grew at an annual rate of 10.1%, its national income grew at 8.7%, foreign trade at 17.3%, and total turnover from retail, an indicator of the people’s consumption level, at 15.5%.” By the threshold of the 21st Century, China had grown enormously. It was more economically powerful and more globally involved than it had been in the first decade of reform. China is now the largest recipient of FDI. Approximately “four-fifths of FDI bound for East Asia, excluding Japan, went to China.”

China’s Open-Door policy in 1978 had two objectives: firstly, it was an attempt to integrate China’s economy into global economic networks; secondly, it represented a post-colonial project of boosting cultural and national recognition. China’s economic liberalization paralleled China’s changing political interaction with other countries. The end of the Cold War propelled the international political milieu towards diplomacy and cooperation instead of overt antagonism. As noted earlier, the prevailing ideology of neoliberalism was reshaping global networks into new supranational regional and global trading blocs, such as the European Union (EU), Asia-Pacific Economic Cooperation (APEC), NAFTA, ASEAN, Group of Eight (G8) and World Trade Organization (WTO). The aim of these cross-border organizations can be understood as the promotion and coordination of free market expansionism. At the same time they are the embodiment of a struggle over regional and global economic and political power. Beginning in the 1980s, China became involved in regional institutions and forums such as Pacific Economic Cooperation Council, Asia Development Bank, ASEAN Regional Forum and Council for Security Cooperation in Asia Pacific. China joined APEC in 1991 and hosted the annual meeting in 2001. In December 2001, China formally became a member of WTO.

year long march to the WTO showed China’s arduous ambition to globalize its economy.\(^2\)

L. H. M. Ling has used the concept of ‘Asian Corporatism’ to define the rise of East Asian developmental states. To take a step further than Castells’ account, Ling’s concept of ‘Asian Corporatism’ refers to a condition of developmental and post-colonial hybridity, which stresses a new ‘mutual reconstructed’ post-colonial counter-hegemonic subjectivity. The emergence of Asian Corporatism signalled the consolidation of a new regional hegemony based on highly integrated Confucian family-states or a clan-based ‘guanxi (personal connection) capitalism.’ Examples include Japan, South Korea, Singapore, Taiwan, Hong Kong, and China.\(^2\) For Ling, China’s assimilation into ‘Asian Corporatism’ revealed the ways in which the Chinese Communist Party (CCP) played an authoritarian role in economic reform, mobilized state ideology, and attempted to reconcile the self-interest of the party with the collective national interest. Additionally, China’s commitment to ‘Asian Corporatism’ exemplified an alternative post-colonial movement towards neo-liberal globalization. Post-Maoism, in this sense, bears very little relationship to socialism. Rather, Ling sees ‘Asian Corporatism’ as a revival of Confucianism and the legitimation of an authoritarian parent-state.

Ling’s theory provides a counter discourse that opposes the Anglo-American-led neo-liberal approach to globalization. There is no doubt that ‘Asian Corporatism’ is understood in China as a strategy that advances China’s interests in the world. It also reflects at least some degree of post-colonial hybridity, and it goes beyond static dichotomies of domination vs. subordination, center vs. periphery in the neo-liberal global world order. Yet, the view of ‘Asian Corporatism’ as progressive or as anti-hegemonic obscures the complexity of power relations under global capitalism. First,

\(^2\) China’s effort to join the multilateral trading system could date back to its first application to GATT in 1986.

\(^2\) According to Ling, the characteristics of Asian Corporatism include: Collectivized individualism: to place individual within a social collective, whether it is defined as the family on a corporation; Utilitarian personalism: to allow economic individuals to apply neo-classical utilitarian logic to hierarchically-structured, historically-conditioned, family- or clan-based personal connection (guanxi); Patria economicus: All economic activity comes under the aegis of the benevolent (though firm) Confucian parent-state. State-mobilized learning: Asian Corporatism extends the Confucian family-states’ traditional monopoly on knowledge to economic development. L. H. M. Ling, “Hegemony and the Internationalizing State: A Post-colonial Analysis of China’s Integration into Asian Corporatism.” Review of International Political Economy 3.1 (Spring 1996) 1-26.
what does post-colonial ‘Asian Corporatism’ resist? Is it a response to capitalism or to western domination? The term ‘Asian Corporatism’ carries the cachet of something positive, as a form of post-colonial affirmation, but as I argue in later chapters, it is not an alternative force against the master narrative of global capitalism. However, given the economic success of Asian societies, the term ‘Asian Corporatism’ does work to establish a regional identity based on Asian Confucianist capitalism. But, it also only reinforces the domination of capitalism as a global system of political economy. On this point, Arif Dirlik has noted: “…in as much as it/[Asian Confucian capitalism] is anti-hegemonic, it seeks not to question the capitalist structure of the Pacific region but rather to assert an East Asian identity within it.”

There is a second problem with the idea of ‘Asian Corporatism.’ Notably, the concept tends to depoliticize the role of authoritarian states and to blur important differences between them. For example, Deng Xiaoping’s heady experimentation with a market economy does not simply equate to the Meiji Restoration in Japan, nor to the Taiwan and South Korea contexts. The fallacy here is the credit for positive development in these societies is too easily given to the authoritarian states, which promote Confucian capitalism. By carrying the benign aura of Confucianism, the violent nature of the authoritarian state is disguised. For example, Ling notes how the Tiananmen Incident was quickly buried because the state was not “willing to risk a massive withdrawal of much-needed foreign capital and investments.” The need for political reform (democracy) was seen as a burden of economic prosperity rather than a benefit. The Confucian state, in the discourse of ‘Asian Corporatism,’ is seen to have intrinsic merit as well as an ability to nurture the interest of the nation. However, the suppressive and coercive nature of the authoritarian state simply does not figure in the discourse. The Chinese source of Confucian values emerges as a cultural and regional trait to homogenize East Asian societies. Dirlik argues that the “metonymic reductionism” of Confucianization of the East Asian states represents an attempt of “self-Orientalization.” China and the East Asian states essentialize themselves by seeking a backward-looking self-image in order

to counter western hegemony. Ironically, however, Dirlik argues, the premise of "self-Orientalization" reconfirms the ideological distinction between the East and the West created by Orientalism. Dirlik writes:

Self-essentialization may serve the cause of mobilization against ‘Western’ domination; but in the very process also consolidates ‘Western’ ideological hegemony by internalizing the historical assumption of Orientalism. 32

China’s assimilation into ‘Asian Corporatism’ and its participation into regional power blocs manifested the ways in which China’s deep seated post-coloniality - including a desire to push back against the hegemonic West through self-assertion – has ironically led to an insufficiently reflexive understanding of both Western ideology and to the Anglo-centric elements of global capitalism.

Having said this, it is nonetheless true that the transforming processes of East Asian major cities, such as Shanghai and Hong Kong are substantially different from those of western post-Fordist cities. In the West, post-Fordist urban competition derived from the collapse of Keynesianism, the rise of neo-liberalism, the crisis of deindustrialization and new digital technologies, whereas East Asian interurban competition was triggered by the region’s over heated expansion of manufacturing export, and urban growth, no matter which rank of the flying geese they belonged to, and by a powerful desire for post-colonial nation-building. 33 In this context, the international competition between the advanced economies of the region, extended automatically to interurban competition among them. The main export capitals of the region, such as Hong Kong, Singapore, Taipei, and Seoul, have become modern metropolises. And other important urban centers have been growing in economic significance on the global stage, namely, Bangkok, Jakarta, Kuala Lumpur, Beijing, Shanghai, and other Chinese coastal cities such as Guangzhou and Hangzhou. The ascendancy of globalization in the region has intensified already-existing interurban competition.

33 Smith, 2001, 446.
A key factor here has been the increased mobility of capital. Post-Fordist or 'flexible Fordist' regimes of accumulation emphasize a flexible division of labour, a flexible accumulation, market and spatial dispersion of production, all linked within an interconnected network of multinational corporations and key nodal cities. Prominent East Asian cities see a great opportunity to compete with each other as a result of economic globalization and to reshape the global urban spatial order. Since foreign direct investment (FDI) is urban oriented, the cities now compete more consciously than before for the inflow of capital that could transform them into a key node in the global economic network. The goal is to become a 'global city,' on the model of already existing global cities such as New York, London, and Tokyo.

In summary, then, globalization has accelerated urban transformation and this has propelled a select number of Asian cities to compete for the role of 'global' or 'world' city. As Fu-Chen Lo and Yue-man Yeung note, these cities compete to become "command posts of the world economy, as financial centers, as production sites, and as consumer markets."34

One particularly visible manifestation of this competition is a race to provide dazzling urban spectacles, or to initiate 'spectacular' urban projects. For instance, in Kuala Lumpur, the capital of Malaysia, an ambitious plan was developed to leapfrog the city into the information age by creating a multimedia Super Corridor between the City Center and the nearby international airport. In another case, in Taiwan, a full-scale campaign was launched to make the country an 'Asia-Pacific Operation Center,' by giving a different focus to each of the island's major cities, namely, Taipei, Taichung, Tainan, and Kaohsiung. Using a rather different strategy, the cities of Singapore and Hong Kong – which each have the advantage of having been colonial centers of the British Empire in Asia, as well as city states – attract the regional head offices of multinational corporations. Both cities, have charted out a role for themselves in the information technology sector. Thus, Hong Kong started up its Cyberport project in 1998, while Singapore embarked an 'IT 2000' campaign. Another element in the strategy of

becoming a ‘global city’ concerns the field of entertainment. For example, Hong Kong has attempted to build on its history as a site for regional film production by continuing to invest in cultural industries. These industries include tourism and entertainment. Thus, Hong Kong campaigned to win a bid for a Hong Kong ‘Disneyland’ and successfully launched the theme park in 2005. Similarly, South Korea is in the process of creating two theme-park-resort projects near Seoul, to be called Everland and Hyundai Sungwoo Leisuretown, respectively. In addition, after being hit hard in the Asian economic crisis of 1997, Seoul has aggressively worked to become an R & D center for IT related industries.

Mainland Chinese cities have certainly not been excluded from this regional race to become global cities. To consolidate its claim as a ‘world-class’ city, Beijing has recently devoted significant resources to upgrading and expanding the city’s infrastructures and to host ‘world class’ events, such as the Olympics. Projects here include, among others, the renovated international airport, extended freeways and new subway systems, the Olympic Village (including Olympic Green, and the Olympic National Stadium), Zhong Guan Chun (the IT center) and a renovated Central Business District. Similarly, Shanghai through the Shanghai Municipal Office, has launched several megaprojects, including the Pudong New Area (a new financial and IT center) and the dazzling new Pudong Airport; as well as a number of projects connected with the city being chosen as the host city for World Expo 2010. Like Beijing, the aim of these projects has been to stake a claim for Shanghai as a world-class city. And, now, many other Chinese cities appear to be caught up in the drive to become global economic and cultural centers. As the region of East Asia is rapidly integrated into the dynamic of the global economy there is an accelerated race on the part of the region’s cities to rise higher in the global urban hierarchy.

The Limits of ‘Global City’ Discourses

There is an extensive literature in Western social theory that has provided analytical models to analyze recent changes affecting the world’s major cities. Since the early 1980s, the global or world city paradigm has appeared as one of the best-known
perspectives. For example, John Friedmann and Goetz Wolff, pioneer researchers in this field, have promoted the concepts of world-city formation, and world-city hypothesis, with the intention of emphasizing new spatial articulations in the global economy. The concept of world-city formation coincides with Immanuel Wallerstein’s world-system theory that assumes a single global economic system. Friedmann and Wolff argue that

...the mode of world system integration (form and strength of integration, spatial domination) will affect in determinate ways the economic, social spatial and political structure of world cities and urbanizing processes to which they are subject.35

But, what, really is a ‘world city?’ Friedmann and Wolff suggest that a world city is a site that global capital uses as a ‘basing point’ and an ‘organizing node,’ in the spatial organization of cross-boarder production and markets. In this sense, the world city is conceived as a pure consequence of the global economy. Its formation is part of an integrated and totalized global urban system. Friedmann and Wolff elaborate:

World cities can be arranged hierarchically, roughly in accord with the economic power they command. They are cities through which regional, national, and international economies are articulated with the global capitalist system of accumulation. A city’s ability to attract global investments ultimately determines its ranks in the order of world cities. However, its fortunes in this regard, as well as its ability to absorb external shocks from technological innovations and political change, are variable. Cities may rise into the rank of world cities, they may drop from the order, and they may rise or fall in rank.36

So, for Friedmann and Wolff, world cities can be determined in largely quantitative economic terms. In this connection, they remark that, “what makes this typology attractive is the assumption that cities situated in any of the three world regions will [core, semi-periphery, periphery] tend to have significant features in common.”37 In this analytical scheme world cities are ranked in an urban hierarchy across different

37 Friedmann and Wolff, 1982, 311.
regions, pragmatically, according to the city's relative strength in the global economy. This conveniently allows the encapsulation of virtually any city into the world-city formation, on the basis of economic factors alone.

Friedmann and Wolff's work in this field has inspired numerous empirical studies on world-city issues, from a global perspective. For example, this approach is evident in the work of Fu-chen Lo and Yue-man Yeung, on the emerging world cities of Pacific Asia. Following Friedmann and Wolff, Lo and Yeung's analysis also gives priority to economic factors – such as rising GNP, the inflow of FDI, level of industrialization, and population – to define the patterns and the degree of globalization in the case of emerging East Asian cities. The 'function' of these cities in relation to the world economy, and the sustainability of their economic systems within the region, are the primary factors determining their competitiveness.

Another major architect of global or world city theory, is Saskia Sassen, whose influential book, *The Global City*, is the work most commonly associated with this topic area. According to Sassen: "A new type of city has appeared. It is the global city... These... cities have undergone massive and parallel changes in their economic base, spatial organization, and social structure." Also conceptualizing globalization mostly along economic lines, Sassen points out that the accelerating tendency towards the integration of the producer and service sectors, combined with the spatial dispersal of production as part of the process of globalization, have made cities that aspire to a global or world status adopt a new strategic role for themselves. This consists of consciously working to become nodal points in a vast communications and global market; as well as centers of control in global financial networks. Because of the mobile and flexible nature of global capital, and the increasing process of agglomeration, aspiring to world city status requires a position of command in the financial industry. Further, the spatial dispersal of production contributes to the necessity of centralized service nodes in the city for global management and coordination of that production. Here, the global city

---


represents “a new form of centralization in order to manage and regulate the global
network of production sites and financial markets.”

Sassen examines the ways in which the important indicators of the global
economy, namely FDI, producer services, and financial industries, are concentrated in the
site of the global city. For her, the global city is the privileged site that has succeeded in
the intensive competition of economic globalization. In a global network of digitized
communications, and connected by advanced telecommunication systems, global cities
are literally ‘wired’ into the global economic network. Sassen posits that “[The global
cities] constitute a system rather than merely competing with each other.” But in her
model of the global city, Sassen is not content simply to sing the praises of global cities.
She also explores some of the limitations of globalization. Most notably, these limitations
include the failure of the global city to transcend economic polarization and uneven
income distribution within the urban space.

Sassen’s global city model primarily focuses on the internal functioning of cities
at the top of the global urban hierarchy. By contrast, Manuel Castells’ notion of the
‘space of flows’ posits global cities as a form of ‘network society’ within which the
material flows coordinate, innovate, exchange, and manage the intertwined activities of
the global economy. Castells claims that the ‘space of flows’ has emerged as the
prevailing spatial logic of our society. The increasing interdependence of the business-led
world economy requires that the space of flows is materialized in a supportive network.
In this sense, cities are connected with each other by the space of flows, thereby
collectively becoming part of a “network society.” The space of flows represents a spatial
concentration of a few upper-tier nodal centers in a few countries: in short, the global
cities. Castells insightfully says of the global city,

[T]he global city phenomenon cannot be reduced to a few urban cores at
the top of the hierarchy. It is a process that connects advanced services,
producer centers, and markets in a global network, with different intensity
and at a different scale depending upon the relative importance of the
activities located in each area vis-à-vis the global network. Inside each
country, the networking architecture reproduces itself into regional and
local centers, so that the whole system becomes interconnected at the
global level.\textsuperscript{44}

The distribution of the space of flows also represents an urban hierarchy. There
are core cities that dominate the flows of finance, production services, and
telecommunications. Yet, at the same time, in the network society, in Castells' view, the
cities that coordinate the space of flows at different geographic levels – global, regional,
and hinterland – are all equally important. Thus, Castells elaborates:

The global city is not a place, but a process. [It is]... a process by which
centers of production and consumption of advanced services, and their
ancillary local societies, are connected in a global network, while
simultaneously downplaying the linkages with their hinterlands, on the
basis of information flows...beyond the main global cities, other
continental, national, and regional economies have their own nodes...Each
one of these nodes requires an adequate technological infrastructure, a
system of ancillary firms providing the support services, a specialized
labor market, and the system of services required by the professional labor
force.\textsuperscript{45}

The key point here is the argument that cities in different regions, of high or low
rank in the world urban hierarchy, located in the advanced or developing economies, are
all interconnected in the networked global economy. Each city, then, has significance in
its own particular co-responding network within the larger, total network of the global
economy. For example, Shanghai and Hong Kong, though they are situated in the lower
tier of the world urban hierarchy compared to the major global cities of New York,
London, and Tokyo, are no less significant in reference to the network of the global
economy as a whole. Hong Kong, represents a regional, Asia Pacific financial center;
while Shanghai's significance lies in its coordinated role as a global market and
production center in China. Both cities also play important roles as stock-market centers.

\textsuperscript{44} Ibid., 380.
\textsuperscript{45} Ibid., 386-413.
Hong Kong’s stock-market trading network reaches worldwide to include most of the world’s major cities in which capital is concentrated. In Shanghai, the stock-market extends mostly in East Asia, especially within the region of greater China.

For all their complexity, the theories of the global/world city, either as place as a process, cited in this section, represent a largely functionalist view of urban process. In this view, the status of a city is primarily codified according to its functional role in the global economy. This model represents an attempt by recent theorists to come to terms with the ways that functions of cities are shaped by flows of capital, technology, and information, all associated with globalization; and to show the ways in which cities are competing with each other to become centers of control and concentration in the areas of trade, finance, advanced technology, and consumption. These theorists typically share a view of the world economy as a single whole, within which the cities are nodal points mobilizing the material flows. At the same time, in this view, globalization is seen as a process that is disproportionately and unequally realized. Accordingly, the global city model reflects the hierarchies and the inequalities of the global economy itself. The leading global cities participate in a wide range of specialized circuits of the global economy and these cities possess the capacity of exercising control within that economy. Alternatively, lower tier and regional cities in the world urban hierarchy engage in only a few of the aforementioned circuits and are not fortunate enough to enjoy the full benefits of the ‘new space economy.’ All of this promotes increasing inter-urban competition as the driving force behind the prosperity of the global city. Under the rule of global capitalism today, every city is ineluctably engulfed by this fervent competition.

The literature propounding the functionalist view of the global/world city, however, fails to shed enough light on the politics, ideologies, and symbolic struggles that are part of the spatial outcome of the globalizing city. Nor does the functionalist approach unravel and reveal the specific history of various global cities. As Richard Child Hill and June Woo Kim argue, this view is “meant to be universal…in the sense that it applies to the structure and functioning of all cities that perform key control and
co-ordination functions for global capital in the present period of globalization." But in this quest for functional generality, far too much gets left out of the account.

Consider, in this regard, the tendency for universalizing functionalist theories to downplay the role of the state in relation to the processes that are involved in the creation of the global city. James W. White notes this point in a critical discussion of Sassen's work on the global city:

Politically, the global city concept implies the eclipse of states by the market and by international considerations...States do not simply mediate global economic forces – they can influence the degree of equality in the city, its industrial structure, and the international competitiveness of the nation. The degree of mobilization of social forces varies between nations, and this can also rival or stymie economic forces...Even in the United States, the state's presence in the city is multifold: intergovernmental grants, transfer payments, public employment, government procurement, and redevelopment programs.

White reiterates the criticism that in the functionalist global-city model, economic variables have been overly emphasized, superseding other intervening factors. He argues that Sassen, for her part, conceives of the global economy as entailing an autonomous and spontaneous dynamic, and as constituting a self-regulated entity. But, this view fails to consider how state interventions often most determine the scenario that takes place in cities with respect to the global economy. I noted earlier in this chapter how the role of the state is much contested in the literature on globalization. Throughout the 1980s and 1990s, it was common for 'globalization' theorists to emphasize how privatization, deregulation, new technologies, and the mobility of capital had led to a 'hollowing out' of the state and to a reduction of its significance. But, more recently this view has been criticized. Thus, Dicken declares:

While some of the state's capabilities are, indeed, being reduced and while there may be a process of 'hollowing out' of the national state, the process

is not a simple one of uniform decline on all fronts. The nation-state remains a most significant force in shaping the world economy.48

The state’s competitive role in relation to the global economy is further emphasized in recent scholarly work on cities. For instance, Gibson’s work on Seattle’s endeavour to make its downtown a world-class spectacular center of consumption shows how municipal ‘government’ and city officials can have a deep involvement in the decision-making process leading towards globalization of the economy. Similarly, one can observe how it has been the nation-states involved that have taken the main role in directing and shaping recent East Asian inter-urban competition.

If globalization theories have been criticized for downplaying the state, there has also been considerable skepticism expressed as to the validity of the global/world city model. In this connection, James W. White argues provocatively that Sassen’s global city model is marked by the intellectual bias of “American, or Anglo-American ethnocentrism”:

The world’s great cities are not all New York or London, not all countries went through a Reaganite or Thatcherite stage of urbanism, and not all states let the capitalist foxes guard the metropolitan chicken coop. There is no intuitive reason why the structure and dynamics of the metropolis and its relationship to both capital and the state should be the same in France and Japan as they are in the United States and Britain.49

In a response to this criticism Sassen stands tenaciously by the issue of the validity of the global-city model. At the same time, she does allow that there is no actual single entity or example that represents the complete global city. Different cities, existing in different contexts, have contributed to the establishment of the global-city theoretical model.50

Richard Grant and Jan Nijman echo White’s concerns and criticize both the functionalist premises, and the ‘universal validity’ thesis, implicit in the global or world city literature. In their view:

In as far as this literature focuses on internal urban change; it is usually as a function of world city roles. In the processes, cities in the lower strata of the global hierarchy – among them post-colonial cities – have been neglected. The “dirty little secret” of world city research, it has been argued, is its lack of empirical research claims of universal validity without proper theoretical consideration or empirical research on non-Western cities and particularly post-colonial cities.\(^\text{51}\)

Along the same line of criticism, Sanjoy Chakravorty advocates, for the study and discussion of non-western – or in her words, ‘Third world’ – cities, an analytical framework that is based on the particular, non-western contexts of those cities. She argues:

there are a number of reasons why [the Western-centered] model cannot begin to apply to the Third World contexts in general, and its cities in particular. The so-called Third World encompasses a great diversity of development levels, political-economic structures and histories, and levels of integration into the global economy;... deindustrialization in the West actually implies its opposite in the Third World, i.e., increased industrialization, presumably in its urban centers. In fact, a more appropriate argument is that there is no singular ‘Third World’ and that perhaps none of the many different political-economic-historical systems that make up the ‘Third World’ bear any resemblance to the system described in opening hypothesis.\(^\text{52}\)

This direction of criticism faulting the functionalist global-city-model perspective for its western bias is particularly relevant to a consideration of Shanghai and Hong Kong, both of which stand firmly in the categories of non-western and post-colonial cities. It is important, in this regard, to see social theory itself as part of the global flow of


information and ideas that is implicated in relations of power. For example, not only does global/world city theory generally downplay the history of colonial- and post-colonial- era struggles in non-western cities; but also, the view of what contributes to the creation of a global/world city, is legitimated through reference to the western cities situated at the top of the world urban hierarchy – a hierarchy that is itself a conceptual product of Western perceptions. The irony is that the epistemological stance of the global/world city model has extraordinary influence in the ways that many non-western cities view themselves.

One way to mitigate these tendencies is to adopt a critical historical perspective to illuminate the trajectory of both Shanghai and Hong Kong, mapping their development from colonial modern cities to post-colonial globalizing cities. This is the approach that I employ in later chapters of this dissertation. Instead of examining the key, control and co-ordination functions of the two cities, in relation to the global economy in the present era of globalization – as would be required in an analysis undertaken in terms of the functionalist global city model perspective; my focus is more ‘ideographic,’ more centered on specificity. The purpose of employing this perspective is to explore the ways in which Shanghai and Hong Kong are unique, not only in terms of the competitive interurban race for global pre-eminence, but also with reference to the politics of post-colonial counter strategies, as well as to the very sentiment of their colonial legacy. In addition, I want to pay attention to the social dimensions of the changing landscapes in both cities in order to show how the spatial orders of both cities have been constructed and reconstructed over time. One key concept for understanding these changes in spatial order is the concept of spectacle.

Interurban Competition and the ‘Mobilization of Spectacle’

Marx argues, famously, that capitalism must be driven by competition or it will die; competition is the rule of the capitalist game. And accumulation is linked to competition. Of accumulation, Marx says:

Accumulation, ... presents itself on the one hand as increasing concentration of the means of production, and of the command of labour,
and on the other hand as repulsion of many individual capitals from one another. 53

The notion of ‘repulsion’ here, involves accumulation in the form of “increasing concentration of the means of production and of the command of labour.” Capitalism involves a state of competition between many units of capital – competing “individual capitals” in the accumulation process. In this state of competition, the different individual ‘capitals’ seek to ‘repulse’ each other, but these collective acts of ‘repulsion’ build accumulation in general. In the Economic and Philosophical Manuscripts of 1844, Marx also writes: “Competition among capitalists increases the accumulation of capital...the profit on capital is in proportion to the size of the capital.” 54

Again, it is competition among capitalists that increases the scale of capital accumulation. Of course, for Marx, competition is only one key part of capitalism as a system of political economy. The competitive dynamic works in conjunction with the valorization of human labour power, in an asymmetrical system of class relations, and with the deployment of various productive forces, to promote growth through accumulation, and the extension of market’s logic into more and more areas of human life. However, Marx emphasizes that these processes unfold unevenly and are prone to conditions of crisis. It is in this sense that the French regulation theorists brought attention to the ‘crisis’ in the 1970s of western Fordism as a regime of accumulation. Capital’s drive to resolve this crisis in western nations has widely been viewed as a primary source of the widespread turn to neo-liberal economic and political strategies around the globe.

This general explanation offers only a crude outline of a very complex series of processes. However, as I have noted earlier in this chapter, the main argument in this outline has been widely accepted. The ‘crisis’ in western Fordism led to a complex and multi-faceted series of responses, largely centered on a drive for increased ‘flexibility’ in production, labour organization, and state regulation, at least in part to take advantage of


new productive forces in the digital age. David Harvey has made an immense contribution to this line of argument by consciously focusing attention to the spatial aspects of the drive for increasingly ‘flexible’ pathways to accumulation. For Harvey, shortening turnover times in the cycle of production/consumption, and overcoming spatial barriers – the annihilation of space through time – are key elements in capitalism’s response to the crisis in western Fordism. In the drive towards a new emphasis on ‘flexible accumulation’ in global capitalism we have witnessed a wide spread restructuring of the international division of labour, including a global reorganization of labour markets, the introduction of new technologies, and an international reorganization of regulatory mechanisms in respect to everything from the simple manufacture of domestic goods to the production of culture and the international flow of information.

All of this has constructed a new global terrain for interurban competition. Harvey notes how this competition is directed towards not only ‘flexible accumulation,’ but also ‘spectacular accumulation.’ In this connection, in reference to the United States, Harvey draws attention to a number of classic examples of post-Fordist urban projects that have aimed to strengthen the global competitiveness of the cities in which they have been located. Such projects have included, for instance, Harbor Place, with its festive and theatrical images, in Baltimore; Fisherman’s Wharf, with Ghirardelli Square, in San Francisco; and Charles Moore’s Piazza d’Italia, in New Orleans. Harvey calls the aim of such urban projects, a strategy of ‘mobilization of spectacle.’ He points out that the spectacular style of these urban edifices tend to reflect the most aggressive practices of post-Fordist urban entrepreneurialism, and represent the embodiment of the heightened interurban competition of the present era. The ‘mobilization of spectacle’ is made possible by the fact that the acceleration of turnover time in production corresponds to the acceleration of turnover time in consumption. This phenomenon can be observed in the reduction of the half-life of products and the production of increasingly ephemeral commodities. These commodities tend to be instantaneously consumed and subject to need inducement and to quick-changing fashions. The spectacles of the commercial complex offer instantaneous turnover time and create inducements to lure shoppers and

Harvey, 1990, 141-188.
tourists and to generate profit. This entails a heightened aestheticization and commodification of cultural forms in urban space. What the ‘mobilization of spectacle’ celebrates is ferment, instability, and fleeting qualities. The shining surfaces claim triumph over depth.

So, nowadays, it is not enough to perform well economically, the city needs to ‘perform’ on the theatrical stage of the global economy as well. As Harvey concludes, in the sphere of capitalist commodity production, the ‘production of goods’ has increasingly been augmented by the ‘production of events.’ Cities, accordingly, commit to producing a vast range of images, simulations, and spectacle. All of these forms of display feature spectacular aesthetics and narratives designed to make the city an exciting place to be. The spectacular ‘events’ that are produced in this process, involve the expansion of the industries of leisure and information technology - which package the commodity-events so that they offer instant intoxication and amusement - as well as the creation of places for urban spectacle, such as stadiums, galleries and museums, theaters and movie-house complexes, shopping arcades, theme parks, etc., whose images can be reproduced and spread widely. This whole process represents a condition of the totalization of commodification. Aiming to achieve this condition, cities seek out partnerships with developers, financial capital, and cultural entrepreneurs; and in pursuit of spectacle, they compete with other cities for businesses, corporate headquarters, capital investment, tourists, and consumers, and ‘world class’ events.

Harvey’s political and economic exploration of the spatial consequences for the city of the regime of flexible accumulation resonate with Fredric Jameson’s observations on postmodern society. Jameson, probably the best-known theorist formulating a concept of postmodern culture, presents a Marxist interpretation of post-modernism as an expression of the current state of capitalist society, namely ‘late capitalism.’ When it comes to the spatial expression of the city, Jameson posits “a kind of aesthetic populism” of post-modernism, in order to distinguish the latter from the monumental, elitism, and authoritarianism of modernism. Like Harvey, Jameson recognizes that the phenomenon

56 Harvey, 1990, 156.
of post-modern urban architecture is imbedded in the politics of multinational capitalism. In this connection, he states,

Of all art, architecture is the closest constitutively to the economic, with which, in the form of commissions and land values, it has a virtually unmediated relationship. It will therefore not be surprising to find the extraordinary flowering of postmodern architecture grounded in the patronage of multinational business, whose expansion and development is strictly contemporaneous with it.  

He sees the commodified, aesthetically eclectic, historical quotation employed by postmodern buildings that have appeared and flourished in the era of late capitalism, as a mark of the deep roots of the city in the growing entrepreneurialism of this period. Since Jameson published his work, postmodern aesthetic choices in architecture have faded or blended into neo-modernist forms, but the emphasis in urban architecture continues to focus on spectacle.

Jameson was indebted to Ernest Mandel insofar as he viewed postmodern society as representing what constitutes the highest stage of capitalism – that is, in comparison to any of the preceding moments in the history of that phenomenon. This ‘purity’ of late capitalism lies in the fact that in it virtually every aspect of life has been absorbed into the process of commodity production. This neo-universalism of the commodity form now extends to a broader range of cultural and aesthetic forms than ever before. Jameson goes on to argue, “the image has become the final form of commodity reification.” Thus, for Jameson, postmodern society is a society saturated with images and commodities, and, equally notably, with images as commodities.

Once again we are back to the importance of spectacle in the contemporary world. Both Harvey’s notion of the ‘mobilization of spectacle’ and Jameson’s commodities-saturated society, are related to Guy Debord’s formulation of the idea of “the society of the spectacle.” Following Debord’s analysis, the processes and strategies of producing


Ibid., 18.
urban spectacle in the tumultuous and competitive world urban economy can be viewed as a form of self-commodification in order to sell the city in the market of global capitalism. In order to win the race for global status, urban economic political elites have promoted ‘spectacular accumulation’ with the purpose of selling the city as a marketable spectacle. The city literally turns itself into a commodity. In this sense, the globalizing city is for sale; and spectacularization and commodification have come to constitute its chief spatial practices. In envisaging the spatial transformation of the globalizing city that strives towards the condition of global spectacle, the need becomes apparent to bring Guy Debord’s critique of spectacle to bear upon this task, in order to identify the spatial logic of power.

**Ideology and the Critique of Spectacle in the Global City**

Debord’s theory of spectacle was enunciated in his seminal work, *La Société du spectacle (The Society of the Spectacle)*, initially published in 1967. By the 1960s, postwar capitalism had achieved significant success in North America and Western Europe, while at the same time the rest of the world was still struggling with preliminary stages of modernity. From the viewpoint of the developed capitalist world, it appeared that the condition of economic prosperity was extremely stable. The emergence of an affluent postwar consumer society offered an unprecedented number of pleasurable diversions. The development of new technologies in many areas of life, from medicine to popular entertainment, appeared to underscore the success of modernity. Similarly, the forces of production seemed increasingly able to meet all human needs. In this context, Marx’s argument that the structure of capitalism produced individual and social alienation, and that capitalism was a society of class antagonism, seemed quaintly anachronistic. At the same time, the apparent successes of capitalism and liberal democracy in North America and Western Europe reinforced a consolidated ideological front opposing the non-democratic iron-curtain regimes of the Soviet Union, Eastern Europe and China. In contrast to the abundance of capitalist societies, the world’s major communist states were still suffering from poverty. The Utopian mood of developed Western societies seemed to be confirmed by optimistic and opulent images – a spectacle created by commodities.
Debord unleashed a savage polemic against this positive view of postwar capitalism and liberal democracy. In an age where prominent social theorists had proclaimed "the end of ideology," he insisted on maintaining a militantly provocative political stance. The apparent consensus and lack of social unrest in western societies, he argued, did not come as a result of the evolution of modern societies to a point where former social divisions and clashes of ideologies were no longer relevant. Nor was it a reflection of widespread human satisfaction. Instead, he argued, the apparent passivity in the West came as a result of society where all forms of political participation had become transformed into 'mere' spectatorship. Instead of consensus and affluence, Debord argued that postwar Western societies had become societies of spectacle, characterized by almost universal passivity and alienation.

Debord's critique was developed in conjunction with several colleagues who formed an Avant Garde group, the *Situationist International*, dedicated to challenging the seeming inevitability and immutability of the "Society of the Spectacle." The Situationists' revolutionary project aimed to "detourne" - to negate and subvert - the totality of spectacular relations. Thus, they called for a departure from the condition of contentment and affluence and they anticipated today's 'cultural jammers' by trying to create 'situations' that would challenge spectacular society. In *The Society of Spectacle*, Debord proclaimed: "The whole life of those societies in which modern conditions of production prevail presents itself as an immense accumulation of spectacles. All that was directly lived has become mere representation." In using the word 'spectacle' Debord was not referring to the increased role of modern media, such as television, in human life. Rather, he used the term 'spectacle' to refer to the way modern society itself pacified and mesmerized its citizens, turning them from subjects into objects, and from actors into spectators. In the society of spectacle, the power of spectacle, and of spectacle as images, was realized as *commodity*; and both images as commodities, and commodities as images, permeated all areas of life.

---

60 Debord, 1995, 12.
Debord’s critique of contemporary capitalist society hinged primarily on his belief in the alienated relations of production he saw existing in that society. In his view, economic growth and technological achievements had not liberated people from the condition of alienation that Marx, a century earlier, had defined and analyzed as a distinguishing mark of capitalist production. Debord tried to revive this somewhat unfashionable notion. In the society of the spectacle, he argued, individuals become alien to the reality in which they live.

Alienation always involves self-alienation, which is the condition that is produced as a result of one’s activity in everyday life. In a capitalist society this self-alienation also expresses itself in terms of the individual’s relation to the fruits of production. Thus, beyond the basic needs of survival, the individual in a spectacular capitalist society finds themselves fettered by an abundance of offers, offers that they are told by the spectacle are necessary. In such a society, individuals cannot help but devote themselves to lives as consumers for it is only in consumption where they feel a sense of their own agency. Thus, Debord noted:

All of a sudden the workers in question discover that they are no longer invariably subject to the total contempt so clearly built into every aspect of the organization and management of production; instead they find that every day, once work is over, they are treated like grown-ups, with a great show of solicitude and politeness, in their new role as consumers.\(^{61}\)

According to Debord, however, the capitalist system of accumulation, far from being satisfactory, is permanently predatory in relation to alienated individuals. The society of the spectacle promotes self-alienation so that the cyclical relation between production and reproduction, which is necessary for the stabilization of spectacular representation, can be maintained. Once a condition of ‘pseudo-need’ is imposed by “the reign of modern consumerism with any authentic need or desire that is not itself equally

\(^{61}\) Ibid., 30.
determined by society and its history,\textsuperscript{62} and once exchange value triumphs over use value, the whole society has submitted itself to the regime of spectacle.

Debord goes on to insist that behind the totalitarian form of image in such a regime, spectacle entails the paradox of the unity of separation. Spectacle presents itself as a unified aggregate of power. At the same time, however, it creates separation in the form of the establishment of the social division of labour and the formation of classes. Individuals are isolated within a system of production where everyone works according to their own interest and perceives the image of spectacular unity only from their own angle. This manifests the absurdity of the spectacular system, and it constitutes the rule that governs it. According to Debord, "The spectacle is at once united and divided. In both, unity is grounded in a split. As it emerges in the spectacle, however, this contradiction is itself contradicted by virtue of a reversal of its meaning: division is presented as unity, and unity as division."\textsuperscript{63} Spectacle in its highest form of abstraction unites the world as an illusionary totality, but it divides individuals in real isolation.

Spectacular representation in Debord’s work displays an affinity with commodification. Here, Debord’s argument has close links to Marx’s concept of ‘commodity fetishism,’ and to Georg Lukács’ notion of ‘reification.’ Debord’s notion of spectacle is, in fact, a reformulation of both earlier concepts. Marx’s theory of commodity fetishism defines the ways in which the commodity economy of capitalism conceals capitalism’s essence through a confusion of appearances with real social relations. Lukács’ theory of reification, which derives from Marx, as well as from Max Weber’s analysis of ‘rationalization’ and Hegel’s concept of ‘appearance,’ further defines the fetishistic character of commodities under capitalism. In the phenomenon of reification, individuals perceive that their own activity of production, which itself becomes commodity, constitutes a ‘phantom objectivity’ that is opposed to, and separate from, themselves. This concept of reification becomes the rationalization for all forms of human relations, and becomes the prevailing ‘law’ that governs them. Similarly, Debord, in his analysis and critique of the spectacular system under capitalism, uses the concept

\textsuperscript{62} Ibid., 44.
\textsuperscript{63} Ibid., 36.
of 'spectacle' to illustrate the commodity structure, and the reified relations of humans, produced and existing under that system. He thereby sought to bridge the concepts of 'commodity' and 'spectacle':

Here we have the principle of commodity fetishism, the domination of society by things whose qualities are "at the time perceptible and imperceptible by the senses." This principle is absolutely fulfilled in the spectacle, where the perceptible world is replaced by a set of images that are superior to that world yet at the same time impose themselves as eminently perceptible.... The commodity is this illusion, which is in fact real, and the spectacle is its most general form. 64

In this sense, the form of spectacle as commodity is circulated, and contemplated endlessly by the consumer – the individual who is produced from their own illusion. Debord’s use of the terms ‘image’ and ‘spectacle’ to echo Marx’s concept of ‘commodity,’ thereby suggests that lived reality is reduced to an equivalent and abstract form as commodity. Debord’s debt to Marx is also apparent in his direct paraphrasing of Marx’s dictum that, money accumulated beyond a certain threshold is transformed into capital as, instead, “capital accumulated to the point where it becomes images.” 65

Let us now try to appropriate Debord’s notion of spectacle to analyze the theme of the global city. On this point, Steve Best and Douglas Kellner note,

[spectacle] refers to the vast institutional and technical apparatus of contemporary capitalism, to all the means and methods power employs, outside of direct force, which subject individuals to societal manipulation, while obscuring the nature and effects of capitalism’s power and deprivations. 66

In this sense, such features as financial institutions, the multinationals’ headquarters, and specialized service firms in areas such as accounting, legal services, insurance, and advertising, can be identified as aspects of the machinery of ‘spectacular apparatus’ in the global city. Together, these aspects mobilize the increasing complexity

---

64 Ibid., 26, 32.
65 Ibid., 24.
of the global financial market, and operate the growing scale of business practices such as mergers, acquisitions, joint ventures, and conglomerations. In the case of representation, the global city proclaims itself to be a center of leisure, and it aims to generate and to attract an industry of conspicuous consumption. The most common forms of spectacle, associated with this pursuit of leisure, and the conspicuous consumption that accompanies it, are glittering shopping arcades, ‘festival’ markets, amusement parks, gigantic sport facilities, and cultural venues, such as museums, art galleries, concert halls, and theaters. All of these amenities come to characterize the global city; all create a visually and architecturally arresting cityscape. Within such spectacular urban ‘leisure’ spaces, everything - time, services, information, knowledge, entertainment experiences, even emotions, and not to mention the abundance of actual manufactured purchasable commodities themselves - is brought into a direct association with the realm of exchange.

Debord’s bleak assessment of spectacle in the 1960s seems, at first sight, to be even more applicable in the current neo-liberal age of globalization, where cities around the world have become more and more entrepreneurial, jockeying for competitive advantage in the global market system. If global cities are cities of spectacle, then the people who ‘consume’ the city – citizens, business travelers, and tourists – often do seem to be little more than spectators to the economic and political processes unfolding before them and affecting their lives.

However, it is important to understand that for all its suggestive insight, Debord’s analysis of spectacle has always been problematic in several important respects. The ‘Society of the Spectacle’ should be understood more as a piece of Avant-Garde art, created to provoke and to stimulate, than as a scholarly philosophical treatise. In that sense, Debord frequently substitutes sweeping denunciations for careful analysis and the critique is excessively totalizing with little room for any consideration of human agency, outside of the Situationists’ own attempts to subvert the system.

It is telling, in this respect, that many contemporary discourses – from neo-conservative hymns to the market, to celebrations of postmodern-style and identity

67 Sassen, 2001, 100.
construction – offer radically different interpretations of human possibilities in spectacular societies. Since the 1980s a myriad of writers have celebrated the omnipresence of corporate culture, imaginary simulation, symbolic consumption, and the widespread re-organization of urban space. All of these changes, it is argued, have re-invigorated contemporary cities, reviving downtown economies, and providing new spaces of creativity, enjoyment, and new positive lifestyles. Consumption is said to break down the hierarchies of social class, centralization, and authenticity; it increases commodity accessibility; and it encourages difference and democracy.68

We now live in a society in which a surfeit of images, signs, and information has apparently claimed its triumph over reality. In this context, Jean Baudrillard’s notion of ‘hyper-reality’ has been particularly influential. Baudrillard proposes that contemporary signifying culture has led to a world of simulation – a ‘hyper-reality.’ For Baudrillard, ‘hyper-reality’ is a nostalgic version of reality, created by capitalism’s spectacular system. It is a new version of reality, one in which the existence of reality has ceased to be recognizable outside of ‘hyper-reality.’ The logic of the commodity form has been pursued to a stage where what we have, in the end, is a consumption of signs. In this context, a critical political economy all but disappears into a politics of signification and consumption. Critical researchers are urged to focus on the individual’s private pleasure in consumption, and on their efforts to decipher the meanings that they believe may be present in the vast profusion of signifiers all around them. Following Baudrillard, Mike Featherstone characterizes the ‘postmodern’ individual’s consumption experience in this way,

Within [shopping centers, malls and department stores] it is apparent that shopping is rarely a purely calculative rational economic transaction to maximize utility, but is primarily a leisure-time cultural activity in which people become audiences who move through the spectacular imagery designed to connote sumptuousness and luxury, or to summon up

connotations of desirable exotic far-away places, and nostalgia for past emotional harmonies.  

Featherstone's designation of shoppers as 'audiences' is apt here. There is no doubt that audiences in consumer culture seek meaning through consumption and that the world of goods is a discursive world where style and identity construction matter. Similarly, there is no compelling reason why the pursuit of style and identity should necessarily be constructed as a fully alienated activity. Yet, too often in my view, contemporary literatures in areas such as urban lifestyles, consumer culture, or cultural studies in general, venture too far into the realms of unrestrained voluntarism, pluralism, and populism. Audiences, for example, are more than agglomerations of agents who move through 'spectacular imagery' in order to find pleasure and meaning. Audiences are also valorized constructions that are 'produced' by marketers in different ways, and are inserted into systems of exchange. Simply stated, a great many celebrations of contemporary consumption, especially in global cities, are arguably too far removed from political economic analysis to offer an effective basis for social critique. In the recovery of meaning and agency, we seem too often to have lost sight of structural considerations. In that sense, for all his limitations, I want to argue that Debord still has something to teach us, if only because his analysis is so aggressively provocative that it demands an understanding of the systemic and structural features of global political economy as a framework for analyzing the implications of urban spectacle. For the awestruck visitor to the global city, caught up in the spectacle and enjoying its delights, Debord's work is theoretically analogous to a slap in the face.

Consider, in this regard, Debord's analysis of consumption itself. For Debord, consumption must necessarily be understood as an aspect of capitalist life that alienates consumers from, and guarantees their submission to, 'contemplated object works,' which are external to them. The individual, in fact, becomes a spectator to his or her own life, and even "his own gestures are no longer his own, but rather those of someone else who

69 Ibid., 103.
Commodity entertainment, media, and all the artifacts and experiences of corporate culture, are deliberately made ‘for’ individuals, in order to drive the consumption necessary to produce capital accumulation. Thus, in the so-called consumer culture, pleasure, private taste, experience, and lifestyle, constitute the “free lunch,” to adapt Dallas Smythe’s expression, that drives the system forward. For Debord, this demonstrates the central truth of the ‘society of the spectacle’—while pursuing their own sources of gratification in consumption, human beings risk losing their active engagement as agents in the making and remaking of society itself. Instead, they become spectators to a system that appears to be acting abstractly and independently.

Today’s global city has been colonized by the immense accumulation of spectacle; and global capitalism is itself a kind of grand spectacle. Debord would say that which has been divided, has been unified into one totality. I am reminded here of Walter Benjamin’s observation, that the aestheticization of politics was a key feature of 20th Century fascism. Like fascism, which sutures the individual into an aestheticized collective identity, spectacle arguably mobilizes the spectator’s imagination, through an immense range of reified images of commodities. Given the power of infiltration exerted by global commodities, and the sheer scale of globalization, the ‘spectator,’ who is the consumer of these reified images is potentially sutured into an aestheticized, and unified, spectacle that can have profoundly negative political dimensions.

It is important to emphasize the attention that Debord gives to ‘the production of images.’ Spectacle is associated, in an ambiguous and, it seems, contradictory way, with terms such as ‘image,’ ‘representation,’ ‘appearing,’ and ‘mediation.’ For Debord, however, spectacle, in fact, is not equivalent to those terms; but rather, is the reified form of those terms, entailing political meaning. First and foremost, it is the intricate façade of capitalism. The spectacle presents the world to us in a certain way, changing the real world into mere images. While spectacle constantly works through image, it cannot be

---

70 Debord, 1995, 23.
reduced to image. Rather, it is a set of social relations. Debord makes this point very clear, when he states that “[T]he spectacle is not a collection of images, rather it is a social relationship among people, mediated by images.”

At this point, it is useful to bring Debord’s close contemporary, Henri Lefebvre, into the discussion. Lefebvre, too, was involved with the *Situationist International*, in his case, from the late 1950s to the 1960s. For a period of time, Lefebvre and the Situationists were mutually influenced by each other in their respective critiques of modern capitalist society. The common ground that Lefebvre found with the Situationists was in the observation of the alienation of everyday life, and of the profound changes that this alienation has caused at the level of the visible appearance of the city. Following Friedrich Nietzsche, Lefebvre claimed that vision is today, the most privileged of the senses; and he saw it as playing a pivotal role in capitalism’s general process of abstraction. He saw the visual aspect of the world as constituting the illusion of reality, and as entirely subordinated to a "logic of visualization." For Lefebvre, the façade, appearance, representation, or visualization of life and the world are merely the deceptive mask of an underlying politics. In his book *The Production of Space* (originally published in French in 1974), Lefebvre posits a conceptual triad, to express the spatial mode of production. This conceptual triad consists of three elements, namely, spatial practice, the representation of space, and representational space; and they refer, respectively, to how space is perceived, how it is conceived of, and how it is lived. ‘Spatial practice’ deals with a space’s physical performance, which involves production, reproduction, and the particular locations in which those functions take place. The space in question is perceived as a physical form. ‘The representation of space’ refers to the mental aspect of space, the space of knowledge (savoir). It is the space that responds to the relation between production, on the one hand, and the knowledge of spatial order, on

---

72 Debord, 1995, 4.

73 There is much debate about who influenced whom between Lefebvre and Situationists. The situationists accused Lefebvre of openly plagiarizing their “Theses on the Paris Commune” in his own three volumes of *Critique de la vie quotidienne*. Of course, Lefebvre has his own say. Sadie Plant, *The Most Radical Gesture: the Situationist International in a Postmodern Age*. London: Routledge, 1992, 63.


75 Ibid., 41.
the other hand – a relationship imposed by scientists, planners, urbanists, artists, or others, on the space in question. The code of the knowledge of spatial order defines how the space in question is understood. ‘Representational space’, for its part, embodies symbolism and imagination. The space in question is directly lived, through its associated symbols and images. This is the realm of social space. Thus, this conceptual triad of Lefebvre’s, expressing the spatial mode of production, involves the three realms, respectively, of that which is perceived, that which is conceived of, and that which is lived; and these three realms together constitute a coherent whole.

The concept of ‘representation’ is absolutely pivotal for Lefebvre’s theory of space. ‘Representation’ implies the various possibilities of spatial relationship that derive from knowledge, logic, ideology, politics, and symbolism. Nevertheless, ‘representation’ also may deceive, and may exhibit the ‘illusionary’, rather than the ‘true,’ aspect of reality. Lefebvre’s critical interest in the phenomenon of the visual realm of space, and in the role of ‘representation’ in relation to that visual realm, has an affinity here with Debord’s characterization of the ‘image’ in the society of the spectacle. For Debord’s critique of spectacle emphasizes how images conceal their power by cloaking themselves within commodities; while Lefebvre, for his part, stresses how ‘representation’ can disguise the contradictory practices of capitalism.

Looking at the operational logic of the contemporary globalizing city, I am persuaded by Lefebvre’s view that the ‘image’ or ‘representation’ of such a city is one of its most significant aspects. Indeed, it is an almost normalized practice today to display an image of the prosperity of such a city, consisting of clusters of stylish skyscrapers whose geometric décor and glass windows shine under the sun in the day time, and where neon signs and illuminated signboards light up the cityscape at night. Such an image has been cultivated so that it has become a permanent feature of the city of spectacle. Debord would say that the spectacle proclaims its totalitarian regime over the city by incorporating into itself image after image of commodity, advertisement, architecture, corporate logos, and even the stock market index.
In this form, spectacle is like a layer of sugar icing coating the operation of the doctrine of global capitalism and masking, beneath its glittering attractions, a set of distorted social relations. The giving of visual form to the spectacle, thus enabling it to be ‘visualized,’ is important; it allows the spectacle to be produced and reproduced so that a benign version of power can be maintained. Moreover, the practices of ‘mediation’ or ‘contemplation’ that are central to the process of ‘visualization,’ are also at the heart of the functioning of the spectacle. For as life, mediated through the ‘image,’ is experienced, contemplated, and mediated, by individuals, so the spectacle of the city takes the form of a mere ‘representation,’ one which also is experienced, contemplated, and mediated upon, but which, in fact, empties all politics, contradiction, and asymmetrical relations out of reality.

For Debord, urbanism is a form of modern spectacle; and the concept of urbanism has imposed upon it a political meaning, that a body of knowledge is a certain set of assumptions, or an ideology. Urbanism, for Debord involves a mode of spatial totality that is based on the accumulation of capital. And the dominance of this spatial totality relies on the ‘image’- or, in Lefebvre’s terms, on the notion of ‘representation’ - to “abstractly develop any environment into an environment of abstraction.”76 As Debord further pointedly observes,

Urbanism is the mode of appropriation of the natural and human environment by capitalism, which, true to its logical development toward absolute domination, can (and now must) refashion the totality of space into its own peculiar décor.77

Once urban space achieves its own totality, the ‘city’ is thereby rendered distant from other forms of natural and human environments, such as, for instance, the ‘country.’ The spectacle of urbanism unifies and aestheticizes the space in question, and from that point on, the ‘city’ is born. The city, in fact, is constructed by authoritarian decision-making processes that can arise from the state, the developer, or whoever possesses the authority that enables them to create spectacle. Thus, the creation and transformation of the city is

76 Ibid., 122-3.
77 Debord, 1995, 121.
never an autonomous process. The city is always a space pervaded by power, politics, and ideology.

In the chapters that follow, I have been influenced by Debord's argument that spectacle delineates a material form of ideology and can be viewed as an expression of power relations under modern capitalism. In Debord's analysis in this connection, ideology, with its Marxist historical-materialist premise, refers to the distortion of social relationships that occurs under the domination of bourgeois thought. Making this argument, which he extends to modern consumer society, Debord underlines what he sees as the ultimate, economic and material determination of spectacle in capitalist society, as well as a correspondence of dominance between, on the one hand, the role of the economic and the material in this determination of spectacle under capitalism, and, on the other hand, the role of ideology in that process. What Debord realizes here, is an ideological critique of capitalism's internal unity, and of its material domination in everyday life.

If one assumes that global cities are 'cities of spectacle,' then, Debord's perspective invites us to consider the ways that buoyant global capitalism propagates a sensibility, an urban consciousness, in which the global city becomes 'the assertion of the obvious' - the only possible spatial system for the expression of social and economic relations. Through spectacle, the space of the global city materializes the "modes and forms of social organization into lived experience of everydayness," to use Lefebvre's term. As Anselm Jappe comments: "the spectacle is at once economic and ideological in nature, at once a mode of and a type of everyday life, and so on." Thus, the spatial form of the spectacle is powerful not only in terms of its visibility but also in terms of the ideology that it inscribes.

Spectacle today continues to converge - or in Debord's term, to "integrate" - with other aspects of life. Twenty years after Debord's *The Society of the Spectacle*, he claimed that things had become a good deal worse since the 1960s and pronounced that:

There is no place left when people can discuss the realities which concern them, because they can never lastingly free themselves from the crushing presence of media discourse and of the various forces organized to relay it.  

As modern society moves to higher levels of economic and technological progress, Debord continued to observe the widely diffused power of spectacle. In his 1988 book *Comments on the Society of the Spectacle*, he further elaborates the formulation of his concept of the spectacle by identifying two types of spectacle, namely, ‘concentrated’ and ‘diffused’ spectacles respectively. By the term ‘concentrated spectacle,’ Debord refers to the socialist states, where suppression was exercised by the ideologically concentrated power of a totalitarian leadership and the state bureaucracy. ‘Diffused spectacle,’ on the other hand, is manifested in the form of commodities. In his 1988 book, he argues that spectacle gains new strength through five principal features: incessant technological renewal; the integration of State and economy, generalized secrecy; unanswerable lies; and an eternal present. Thus, the spectacle becomes ‘integrated spectacle.’

I agree with Debord that the world of spectacle gains more power as it adopts the development of advanced and sophisticated technology, along with the convergence of media, and with the widely accepted ideology of neo-liberalism, and globalization. In the chapters that follow, I will show how the accumulation of capital, the spectacular architecture, the streams of images, the overload of information, and the festival milieu of the urban scene, and its collusion with capitalism, the state, and politics, are all graphically evident in the cases of Shanghai and Hong Kong. Before this, however, it is necessary to lay down a foundation of historical detail that enables us to see how the various aspects of colonialism, post-colonialism, socialism, capitalist globalization, and spectacle have developed and have interacted with each other in both cities.

---

PART II.

BEGINNINGS
Chapter 2.

Shanghai: Origins of the Semi-Colonial City

Shanghai has often been called the Paris of the Orient. This is only half true.

*China Weekly Review,*
June 14, 1930,
quoted in Fredric Wakeman Jr.,
1995.1

Historian Hanchao Lu has pointed out that the story of Shanghai from the mid-19th Century to 1949 is inextricably linked to urbanization, modernization, and westernization.2 Yet, all three of these processes have been influenced by a condition of 'semi-colonization.' By the phrase 'semi-colonization' I am referring to Shanghai’s distinctive condition of 'extraterritoriality,' its complex mixture of Chinese and colonial forms of administrations and its mixed residency of Chinese and foreigners. Semi-colonization represented a less traditional and less coercive form of existence than that which prevailed in other colonial cities of the same period, such as Bombay, Calcutta, and Hong Kong. The peculiar, semi-colonial, modern history of Shanghai has produced a great deal of literature in the field of Shanghai studies since the 1980s. Strongly influenced by a rising 'China-centered' approach in this field, that has replaced the long dominated "Western-impact/China-response' model,"3 scholars in recent Shanghai studies have tended to downplay colonial influences in Shanghai’s modern history. These


3 Ibid., 17.
scholars have conceived of Shanghai, in the period in question, as a modern industrial and cosmopolitan city, on its own terms, rather than as a primarily colonial city. They have argued, convincingly, that the modernization of Shanghai has Chinese roots and, in this modern period, that an indigenous evolution led to the creation of a new social milieu, while at the same time a certain degree of westernization was involved. Considerable research has also been devoted to aspects of capitalist development in Shanghai in the modern period; but analysis of this kind often falls to grasp the sophisticated, hybridized culture of both commerce and popular life that Shanghai had achieved at the time.

The studies in question highlight Shanghai’s pioneering role in the history of modernization in China. But, less attention has been given to the analysis and critique of colonialism and capitalism, in relation to Shanghai as a world city. This has occurred despite Mao’s well-known critique of Shanghai as an evil bridgehead for colonial encroachment in China. However, the modified ‘indigenous approach’ to the history of Shanghai in the modern period, that is evident in recent Shanghai studies, has its own complex problem of bias. In this connection, Hanchao Lu has argued,

Nowadays an emphasis (or overemphasis, as critics would say) on the Western impact on modern China is vulnerable to criticism – if it is not seen as too hackneyed even to be worth criticizing. But, ironically, the new breed of China-centered studies may not be immune from the dangers of a Euro-centered bias. In analyzing a historical phenomenon in China by examining it from ‘within’ (which is what the China-centered approach attempts), we must choose whether to view that phenomenon as something essentially Chinese in a Chinese context or perspective, or to view it as a Chinese counterpart of things western. 

The issue of whether a China-centered approach is enough, presents itself as one seeks to explore the ways in which, a semi-colonial perspective, and capitalist ideology, were translated into the façade of Shanghai’s modernization. In this connection, it is necessary to clarify that the concept of “a Chinese counterpart of things western,” is not altogether

---

4 Ibid., 11.
5 Ibid., 18.
inappropriate when one considers modern Shanghai. The concept helps one to identify the force of colonialism in the political economy of Shanghai. In addition, the recognition that the force of colonialism was pivotal in providing the stimulus, and the peculiar political conditions, for Shanghai’s flourishing modernity does not necessarily exclude a China-centered approach to Shanghai’s modernization. The key corrective is to recognize that Shanghai’s modernization was not simply transplanted from outside; rather, it was clearly and distinctively Chinese. At the same time, by adequately acknowledging the role of colonial influences in the modernization of Shanghai, one can prevent falling into the trap of essentialism. The concept of an ‘essential’ or pure China is an historical and cultural fiction. Interestingly, a purely China-centered approach often uses a perspective of ‘self-Orientalization’ in ways that disguise what is still a Euro-centered approach.

My point is that the influence of western colonialism in the modernization of Shanghai must not be underestimated, especially when one considers the connection between colonialism and the phenomenon of an emerging ‘world city.’ In this regard, Anthony D. King claims, “the status of a city in the contemporary world city hierarchy has much to do with its previous status in a colonial hierarchy and a colonial system of production.” Colonialism incorporated the cities under its jurisdiction, or within its sphere of influence into the political economy of colonial capitalism and of the larger world system of capitalism as a whole. King continues:

Colonialism establishes the institutions, the banks, corporations, governments, commercial forms, hotels, as well as the educated elites, consumption habits, retailing behaviour, technology, attitudes, and aspirations on which global capitalism, and subsequently, the world city builds. It is this that turned Asian, Latin American, and, to a lesser extent, African cities into real or potential instruments for world-market expansion; yet, critically, of course, only in those states that have remained committed to the world-market system.⁷

King draws this conclusion from his research on the former British colonial city of New Delhi in India. Although the mode of colonial production employed in New Delhi was

⁷ Ibid., 46.
different from that of Shanghai, King’s observations suggest that there is a common truth in the notion that colonial continuities are present when former colonial cities have evolved into world cities.

**Shanghai’s Origins**

An old name – indeed, one of the earliest names – for Shanghai was Hu, or Hu Du. “Hu” was the name of a bamboo fishing device used during the third century B.C. by the people who lived along the Songjiang (Song) River. The name “Shanghai” itself, which means ‘above the sea’ or ‘upper sea’ is derived from the Shanghai Pu River, a small river, long since disappeared that flowed into the Songjiang River, very near that river’s mouth, where it flowed into the estuary mouth of the Yangtze, which, in turn, empties into the East China Sea. During the Song Dynasty (960-1279) the Songjiang River gradually silted up and this prevented larger ocean-going vessels, which previously had been able to sail up it, from doing so. However, these vessels were able to harbour in an area that corresponds to what today would constitute the stretch of the Huangpu River, from where it is met by the Xinkai River to Shiliupu Wharf. The harbour could be accessed from the Shanghai Pu, which in turn could be accessed from the Yangtze Estuary. Thus, from a village on the west bank of the Shanghai Pu, Shanghai developed into a township having natural advantages as a sheltered port where junks and ships could berth and it became the largest town in Huating County, which had been founded in 751. In 1267, during the Southern Song Dynasty (1127-1279), whose capital was Hangzhou in Zhejiang Province just a bit to the southwest of Shanghai -- and in the Xianchun Age (1265-1274) -- the town (Zhen) of Shanghai was officially established. By the late 13th Century Shanghai had grown to become the largest port in the region. With the permission of the Central Imperial Government, the County (Xian) of Shanghai was officially formed in 1292, including four other Huating towns. On this point, Mengyi Cai and Shaotang Chu state:

---

8 Songjiang River was renamed the Wusong River about the end of the 13th Century.
9 Wang xiaolun, *Shanghai xianzhi (History of Shanghai County)* Shanghai: Shanghai remin chuban she, 1993, 60.
Its administrative area extended north to Jiangwan, south to Wunijing, west to Qinglong Town, and east to Xiasha, a total of 2,018 square kilometres, with a population of 320,000. At that time, Shanghai was located in what is now the old city.10

Access to the river system of the region, and to the estuary mouth of the Yangtze River, were central factors in Shanghai’s development as a significant port and commercial centre from the period of the Song Dynasty (960-1279) onwards. Access to the Yangtze estuary, in particular, opened up the inland provinces serviced by the Yangtze River and east to the East China Sea and to the eastern Chinese coast. In the Ming Dynasty (1368-1644), the renovation of the Grand Canal (Da Yunhe) system provided Shanghai with access from the Wusong and Yangtze Rivers.11 “The new channel linked Shanghai permanently to the Yangtze and to all the important internal and external shipping routes.”12 It is important to note that Shanghai by 1074 was already connected to China’s Grand Canal system, primarily constructed during the Sui Dynasty (589-618) and linking the Yangtze and Yellow Rivers.

Shanghai’s greater access to the mouth of the Yangtze River, and to other river systems in the region, had a disadvantageous aspect too, namely, that the city was more vulnerable to attacks by enemies coming from the sea.13 In particular, Shanghai was attacked many times by Japanese pirates, also known as “Wukou” (Wu, “short” or “ugly”, and Kou, “invader”), who raided and marauded along the East China coast in the fifteenth and sixteenth centuries. In this connection, Edward Denison and Ren Guang Yu refer to:

11 The Grand Canal system, which involved not only man-made artificial canals or cuts, but also canalized or natural rivers, extended from Hangzhou (South of the Yangtze River) to the Beijing region (north of the Yellow River), and connected with other major rivers in Central and Northern China. In the Yuan Dynasty (1279-1368), a terminal northern section affected a direct link between Hangzhou and Beijing (then, under Khubilai Kahn (1260-94), named Dadu) for the first time. The Canal was renovated almost in its entirety, between 1411 and 1415, in the Ming Dynasty (1368-1644).
12 Alan Balfour, Shanghai. Chichester and West Sussex: Wiley-Academy, 2002, 32.
13 George Rosenberg, An unpublished manuscript on Shanghai’s history from the earliest time to the beginning of the 20th Century. 2007, 26.
Attacks [such as those which took place] between April and June of 1553 by Japanese and compliant Chinese pirates. During this time, Shanghai was set on fire and burned to the ground. The residents of Shanghai responded by contributing generously to the construction of a city wall.\textsuperscript{14}

The wall, whose purpose was to defend the city, was built in haste in 1554.\textsuperscript{15} It was annual (ring-like), 12 feet in height, with a seven-foot-deep moat and it was two and a half miles in circumference, running completely around the city. The wall enclosed what subsequently became known as the Chinese Old City. It had six land gates and, later, four water gates, the last one of which was added in 1598. Denison and Yu describe

\begin{quote}
the wall as among the most significant changes to affect the relationship between Shanghai and its setting until foreigners arrived in the mid-nineteenth century. [Its ten gates] provided the only link to the surrounding area via paths and waterways.\textsuperscript{16}
\end{quote}

The wall remained in place until it was torn down in 1912-1914, following the founding of the Chinese Republic in 1911.

From the time of the establishment of Shanghai County in 1292, besides coastal salt production, a cotton textile industry developed and business flourished; Shanghai became “the most famous county in eastern China.” During the Yuan Dynasty (1279-1368) the town set up a shipping administration; and during the Ming Dynasty (1368-1644), Shanghai became China’s largest textile production centre. Linda Cooke Johnson notes that although ocean trade in the region starts in the earlier part of the Ming Dynasty, pirate attacks in the mid-16th Century led to an imperial closure of coastal trade and to an absolute decline of the port economy of Shanghai and of its population.\textsuperscript{17} It was not until 1685 that the ban on coastal trade was lifted and it is not coincidental that the


\textsuperscript{16} Denison and Yu, 2005.

\textsuperscript{17} Johnson, 1995, 80.
following year, 1686, that the Jiang-Hai (River and Sea) Customs House was established on the Huangpu, at Shanghai.

By the mid-17th Century, Shanghai had become the hub of transportation and commerce in the historic Jiangnan Region, south of the lower Yangtze and its delta, comprising the southern parts of Jiangsu and Anhui Provinces. Don Rimmington notes how “rich agricultural land, benevolent climate, effective river and canal transport system, and its relatively settled environment, distant from the endlessly threatened northern frontier, over centuries had drawn waves of migrants from north China.” In this context, Shanghai came to play an increasingly influential role in Chinese history. The Yangtze Valley hinterland of Shanghai constituted a rich source of raw materials for the booming trade in silk, cotton, and tea that now operated out of the port of Shanghai; while conversely, the Yangtze served as a route of commerce for cotton textiles and other goods going from Shanghai to the inland provinces. One mark of Shanghai’s growing significance as a commercial centre for local and regional trade by the mid-17th Century was the building of a customs house there in 1685, early in the Qing Dynasty (1644-1911). During the Qialong era (1736-95) of the Qing Dynasty, Shanghai not only became an important port for the Yangtze and Huangpu Rivers, but also a key seaport for the adjacent provinces of Jiangsu and Zhejiang. Although in 1757 overseas commerce for China was restricted to Canton, during the reigns of the Emperors Qianlong and Jiaqing (1795-1820) in the Qing Dynasty, Shanghai gradually became China’s major trading port. By the later years of the Qianlong era, Shiliupu in Shanghai was already the largest port in East Asia. Alan Balfour gives a striking and vivid picture of Shanghai as a commercial centre by the High Qing period of the 18th century:

Under the Ming and Qing Dynasties, cotton cultivation and handcraft manufacturing, water control measures, and the market towns, were all linked in the emerging commercial economy of the Shanghai Songjiang region. As Linda Cooke Johnson writes, a near industrial level of handcraft manufacturing developed using specialized weaving looms and techniques, and employing [dyeing] and finishing processes that called for large-scale equipment and heavy labour – well beyond the capacity of

---

peasant households or industrial shops to provide.’ Imported commodities included rice, sugar and tobacco from Zhejiang, Hunan, Szechwan and the southern coastal ports. Together they helped create such prosperity that by the High Qing period (in the 18th century) the Songjiang prefecture and the Shanghai district in particular were among the richest regions of China. Trade routes for the long-distance transportation of commodities were expanded, and an astonishing variety of products was exported, judging from the lists of the Shanghai Dahuan Zeli, the customs handbook for 1785. Included were all sorts of apparel, from sable furs to straw hats and shoes; food stuffs including tea (for local consumption or to be exported on northern shipping routes), wine, beans, rice, sugar, beef, vegetables; tobacco; many varieties of cotton from unprocessed raw cotton and cotton balls, thread and yarn to the finished fabrics in a wide variety of grades and weights; silk in all stages of production from silkworm eggs to the finest finished damasks; paper of many varieties manufactured in Suzhou; candles, cooking and lighting oils; leather goods; lumber and bamboo in bulk; gold, jade and fine jewellery; items made of bone, horn, feathers and fur; medicines of many kinds; charcoal; and stinking mud shipped north as ballast and sold as fertiliser. Imported goods such as paper from Japan, Japanese knives, foreign yams and luxury items such as birds’ nests for gourmet soups were taxed at a much higher tariff than locally produced imports. It was at this time that the British began to plan their development of trade with China and to take a special interest in Shanghai.19

Still, despite its continuous development, and its increasing commercial significance, from the 11th Century onwards, Shanghai did not become one of China’s major cities until after 1842. By the late 17th Century, Shanghai had a population of about 50,000, but it was still subordinate in size and significance to other cities in the immediate region. Such cities included, especially, the port city of Hangzhou to the south-west, in Zhejiang Province, and at the southern head of the Grand Canal system which from 1138 to 1279 had served as the capital of the Southern Song Dynasty. Suzhou, a bit to the west of Shanghai and northwest of Hangzhou, was another large regional city.

Suzhou was a flourishing centre of the silk trade, also directly on the Grand Canal waterway system. The city benefitted from its relative proximity, first to the Southern Song Capital of Hangzhou, and then to the Ming capital of Nanjing. In Jiangsu Provinces itself Shanghai was ranked as a second-class prefectural city behind the provincial capital

19 Balfour, 2002, 36. (emphasis is mine.)
of Nanjing. It was never a preferred regional political centre for the Imperial regime in Beijing, to the north - a city that was re-established as the imperial capital by the third Ming emperor, Yongle, in 1421 (having earlier already served as a capital under Great Khan [Kubilai Kahn] and his Mongol successors, from 1264-1368). In relation to Shanghai’s secondary status, despite its commercial importance, Dension and Yu comment:

The city’s relatively minor political status, reflected by its annular wall and irregular street plans, contrasted with China’s larger imperial cities with their rectilinear form. As Johnson [Linda Cooke Johnson] observes, the pattern of Shanghai’s development before the arrival of foreigners “was one of organic growth rather than structured design."

But there were certain important advantages to the ‘minor political status’ of Shanghai, compared to other cities in the region that had a more specifically imperial history. As Balfour comments in relation to the Qing Dynasty period before 1842: “Shanghai, far from Beijing, had minimal Manchu presence and nothing interfered with the development of its trade and commerce.”21 In the 16th Century, when European states began to build their empires driven by trade, missionary efforts, and military expansions, China’s contact with westerners was limited. Most notably, a prominent Jesuit missionary, Matteo Ricci, reached China in 1582 of the Ming Dynasty. As a mathematician and gastronomist, Ricci introduced western learning, such as mathematics, astronomy, and science to the imperial court and carried on significant inter-cultural and philosophical dialogue with Chinese scholars and leading officials. Ricci and other members of the Jesuit priests after him were welcomed by the court until the end of 1773 when Pope Clement XIV dissolved the Society of Jesus. Apart from the Jesuit’s missionary efforts, other groups had also come to China. The Spanish arrived on the Chinese southeast coast in the 1570s and established Taiwan as their trading base with China. The Dutch then expelled the Spanish in the 1640s and introduced the tobacco and opium trade.22 Most significantly, the East India Company and English merchants had tried to extend their Indian

20 Denison and Yu, 2005.
operations to China, since the end of the 17th Century, by using Southeast Asian islands as their bases.23

In the 18th Century China reached its apogee of pre-modern wealth and power. For foreign merchants the China trade promised greater profitability than in India and Southeast Asia. China’s flourishing economy and vast population meant an immense potential market for western products. However, the ambitious dream of China trade was crippled by China’s Co-hong system. Throughout Chinese history China’s military campaigns had successfully established a powerful empire in East Asia. The neighbouring states in China’s south and southeast boarders were either incorporated into the Sino-centric tributary system or became Chinese protectorates. China considered itself the ‘Middle Kingdom’ viewed itself as culturally and materially superior to all other nations. Thus, China had no interest in trading with westerners and Chinese rulers did not think that the West would offer anything which China needed. Before 1842 foreign trade in China was limited in Canton (Guangzhou) and further regulated by the official Co-hongs – a consortium of Chinese firms - which “set prices and determined the conditions of the trade as in effect an arm of the government.”24 The Co-hongs were an attempt to place western trade into the framework of a tributary system where western merchants played by rules set by China. Formed in 175925 the Co-hong system compelled foreign merchants to trade exclusively with licensed Hong merchants only in Canton. This gave Co-hongs a very restrictive power in relation to the trade conducted in Canton by western merchants. In addition, the activities of the foreign merchants were largely confined to a space outside of the city wall. Foreign merchants were only permitted to stay in their trading factories in Canton during the trading season. Frustrated by these restrictions, the British used military threats and attacks to force China to open up more trade.

24 Ibid., 81.
25 The unofficial body of Co-hong was established by a group of Chinese merchants earlier in 1720.
Shanghai Encounters Colonialism

Foreign military pressure escalated into open conflict in the First Opium War of 1839-42. Shanghai was attacked, captured, and briefly occupied by the British. After the British army took Hong Kong in 1841, Sir Henry Pottinger became the new British Plenipotentiary and Minister Extraordinary to the Imperial Government at Beijing. The British colonial strategy was to conduct a campaign attacking and taking towns and cities along the East China Coast, moving progressively northwards, in order to put pressure on the Qing Imperial Government to negotiate British trade demands and other related matters. Ultimately, if necessary, the British planned to threaten the Imperial capital of Beijing and thus force the Qing Imperial Government into the desired negotiations.

In the first phase of this campaign, between September 1841 and January 1842, the British took Amoy (Xiamen) on the Fujian coast; retook Tinghai (Dinghai) on Chusan (Zhoushan) Island, at the mouth of Hangzhou Bay; and took a number of towns lying on the coast or having ready access to it, including the important port of Ningpo. This put the British in a position to proceed to the mouth of the Yangtze and thus to threaten the heart of South China. In the second phase of the campaign, which began in May 1842, the British took Cha'pu (Zhapu), lying about halfway between Hangzhou and Shanghai. Then, abandoning the idea of taking Hangzhou itself, the provincial capital of Zhejiang Province, they directed their attention to Shanghai. Sailing north into the mouth of the Yangtze the British took Wusong and its fort at the mouth of the Huangpu River, in a one-day engagement on June 16. Three days later a force of troops encountered minimal resistance in front of the Shanghai city wall. British soldiers from the force climbed the wall at the North Gate and opened it, admitting the British troops to the city. Meanwhile, a small fleet of British ships had sailed up the Huangpu to just a bit north of the walled city (opposite what became Hangkou Wharves) where they also encountered only minimal resistance. The fleet was thus able to sail further, close to the city walls, where it was able to land a British force from the ships. The Chinese garrison fled.

On June 23, 1842 the British evacuated Shanghai and proceeded up the Yangtze towards the city of Nanjing. On July 21 they took the walled city of Zhenjiang, fifty miles
west of Nanjing, then arrived in early August in front of the walls of Nanjing. Without a shot being fired the Chinese Imperial emissaries, who had meanwhile been sent to Nanjing from Beijing, with instructions to open discussions with the British, indicated their readiness to negotiate.

The Treaty of Nanjing that ensued, was signed on August 29, 1842, by Chinese Imperial Emissaries and Sir Henry Pottinger, aboard the British ship H.M.S. Cornwallis and in front of the walls of Nanjing. It was ratified in Hong Kong the following year on June 26, 1843. The Treaty ended the First Opium War of 1839-42, although ironically, it made no declaration concerning the trade in opium and included no specific regulations in relation to this trade, other than in Article IV, requiring a high payment by the Chinese Emperor to compensate for opium seized from the British merchants in Canton (by Imperial Commissioner Lin Zexu), in March 1839. The significance of the treaty was that it opened up China much more than ever before to British trade and commerce. This development was very shortly followed by related treaties between the Imperial Chinese Government and other foreign nations, giving them similar trading rights to those gained by the British. The key provisions of the Treaty of Nanjing that effected this momentous change were the opening of five cities for foreign trade – known as ‘treaty ports,’ and the abolition of the Co-hong system that had previously existed at Canton and had particularly irked the British and other foreign merchants trading there. Article II of the treaty read:

His Majesty the Emperor of China agrees, that British Subjects, with their families and establishments, shall be allowed to reside, for the purposes of carrying on their Mercantile pursuits, without molestation or restraint, at the Cities and Towns of Canton, Amoy, Foochowfoo, Ningpo, and Shanghai; and Her Majesty the Queen of Great Britain, &c., will appoint Superintendents or Consular Officers, to reside at each of the above named Cities or Towns, to be the medium of communication between the Chinese Authorities and the said Merchants, and to see that the just Duties and other Dues of the Chinese government, as hereafter provided for, are duly discharged by Her Britannic Majesty’s Subjects.26

Two other articles of treaty bore directly on the abolition of the Co-hong system. For example, Article V stated:

the Emperor of China agrees to abolish [the Co-hong] practices in future at all ports British Merchants may reside, and to permit them to carry on their mercantile transactions with whatever persons they please.\[^{27}\]

The article further required the payment of a large indemnity by the Chinese imperial authority on account of very large debts owed to British traders by some of the Co-hongs, who had become insolvent.\[^{28}\]

Article V of the treaty, in conjunction with Article II which established the treaty ports themselves, revealed the extent to which China was open up to British trade and to freeing, protecting, and privileging that trade. This character of the treaty was further enhanced enormously by Article III of the treaty, which ceded the island of Hong Kong to the British:

It being obviously necessary and desirable, that British Subject should have some Port where they may careen and refit their ships, when required, and keep stores for that purpose. His Majesty the Emperor of China cedes to Her Majesty the Queen of Great Britain & c., the Island of Hong Kong, to be possessed in perpetuity by Her Britannic Majesty, Her Heirs and Successor, and to be governed by such Laws and Regulations as Her Majesty the Queen of Great Britain, & c., shall see fit to direct.\[^{29}\]

Although Article III talks of Hong Kong in terms of a port where the British could repair and refit their ships, it was rapidly to become the great commercial entrepôt for British, and foreign trade with China.

Just over a year later, the British and Chinese signed the Supplementary Treaty of the Bogue (October 8, 1843)\[^{30}\] that regulated and added to the terms of the Treaty of


\[^{28}\] Rosenberg, 2007, 32.


\[^{30}\] The Bogue Fort lay at the mouth of the Pearl River, below Guangzhou.
Nanjing. In particular, the Treaty of the Bogue gave British subjects in China, the right of extraterritoriality; that is, the status of being under the jurisdiction of British law and their own consuls, rather than Chinese law and the Chinese authorities (the treaty also provided for the mutual extradition of criminals). The treaty granted Britain, 'most-favoured-nation status' whereby privileges or favourable terms (including, for instance, lower tariffs) subsequently granted by treaty to any other nation, would also be granted to the British. The treaty restricted British trade to the five treaty ports; permitted British residence there, but limited the extent of travel further in China; fixed the range of rates of import and export duties, and inland transit duties, for British goods; provided for local trade between Hong Kong and Guangzhou; provided for the stationing of British gunboats at the treaty ports; and provided for consular help in the prevention of smuggling. All of these later provisions helped to secure the commercial opportunities that the Treaty of Nanjing itself had initially opened up for the British.

In accordance with Article II of the Treaty of Nanjing, “British Subjects, with their families and establishments” were allowed to reside in Shanghai (as in other treaty ports), “for the purposes of carrying on their Mercantile pursuits, without molestation or restraint.” The treaty, however, made no further provisions regarding British residence in the cities in question, nor did it stipulate any terms that might govern such residence. The Supplementary Treaty of the Bogue, of October 1843, besides declaring the principle of extraterritoriality, also instructed “local Chinese authorities in concert with the British consul in the five treaty ports of China...to designate a limited zone within which foreigners could travel, as well as an area where British subjects could reside.” But, beyond this general instruction, the treaty did not make any further or more specific legal provision regarding the question of British residence in the treaty ports. In the case of Shanghai legal provision was made in this respect, a bit later, by the Land Regulations, an agreement that was signed by Gong Mujiu, the Shanghai Daotai, in 1845. The Land Regulations of 1845 allowed British subjects to rent property within a designated piece of land north of the walled Chinese City, by the Huangpu River. The area involved extended

---

32 Ibid., 29.
From the [future] Bund in the east to [the future Boundary Road, today's Henan Road] in the west, and from Lijiachang (at the confluence of the Huangpu River and Suzhou Creek) in the north to Yangjingbang Creek today's Yan'andong Road in the south, a total area of about 830 Chinese mu (130 acres). According to the Chinese notion that "all the lands under heaven belong to the emperor" (putian zhi zia, mofei wangti), foreigners were in theory not allowed to purchase land within the area but were permitted to permanently rent real property there.  

This relatively small area that was initially made available to the British for residence was subsequently to become the core of a much larger International Settlement in Shanghai. In November 1848 it was significantly extended by an area comprising 1,990 mus (290 acres) westwards, as far as Tibet Road.

British success in obtaining from the Qing Imperial Government the favourable terms of the Treaty of Nanjing of August 1842, and of the Supplementary Treaty of the Bogue of October 1843, was not lost on other foreign powers with commercial and other interests in China at this time. Both the Americans and the French soon concluded advantageous 'unequal treaties' with the Qing Government, modelled on the Treaty of Nanjing and the Supplementary Treaty of the Bogue. The United States signed the Treaty of Wangxia (Wanghai) with the Chinese on July 3, 1844; and the French signed the Treaty of Whampoa (Huangpu) with the Chinese less than four months later on October 24, 1844. Each treaty granted the foreign nation involved access to the five treaty ports, the right of residence there, the right of extraterritoriality, most-favoured-nation status and a fixed rate of tariffs and transits dues, as had been granted to Britain.

In Shanghai, the Treaties of Wangxia and Whampoa, granting access and residence to the Americans and the French respectively, led to each of these nations

---

33 Ibid., 28-29.

34 The relation of the Settlement, from the beginning, to the activity of trade and commerce, which was its rationale, is important to note. In this connection, Alan Balfour gives the information that: Rutherford Alcock [who succeeded Balfour as British Consul in Shanghai in 1946]...consolidated and the terms and boundaries of the concession. He removed the Consulate from within the walls of old Shanghai [where Balfour had originally located it], first to temporary quarters in the south settlement, and established the permanent Consulate on a key location at the junction of Suzhou Creek and the Huangpu. In 1846 the North Customs House was built on the river, physically inside the British Settlement, and dedicated exclusively to the administration of foreign tariffs. From then on, Western merchants no longer had to leave the familiarity of their settlement to conduct their business. Alan Balfour, 2005, 57.
establishing "settlements" in the city, on the British model, but by partly different means and in partly different forms. The American Settlement was not well-established initially but grew quickly. In 1848, Bishop William J. Boone, the first Anglican Bishop in China, obtained an oral agreement from the Daotai Wu Jianzhang that Hongkou was to be an 'American Settlement.' In 1854, when Robert Murphy, the first official U.S. Consul arrived in Shanghai, he established his residence in Hongkou and raised the American flag there (February 1845). It was sometime, however, before the boundaries of the American Settlement were formally established. This was done in June 1863 in an agreement between then American Consul, George Frederick Seward and the Shanghai Daotai Huang Fang. The agreement fixed the boundaries of the settlement to align roughly with the district of Hongkou (and a bit to the west of it), on the north bank of Suzhou Creek and the Huangpu. This was an area of 7,865 mus (around 1,308 acres) immediately north of the British Settlement, which itself had been significantly extended, west and north, in November 1848. On September 21, 1863 a degree of amalgamation with the British Settlement was instituted including shared policing. In the Land Regulations of 1869 the two settlements, the British and the American, were legally and formally merged to form what subsequently became known as the 'International Settlement.'

According to the terms of the Treaty of Whampao and a number of following edicts, the French were also allowed to reside in Shanghai for the purposes of conducting trade. In addition, French missionaries were also allowed to reside and conduct their activities there. On January 20, 1848, Louis Charles de Montigny, a diplomat, arrived in Shanghai as French Consular Agent. He refused to reside in the British Settlement and moved instead into a Chinese house located on a Catholic mission property near the Chinese city. When de Montigny arrived in Shanghai to set up the consulate there were about 30 French Jesuits settled there but only one non-religious-order Frenchman, who

35 Frederick Seward served as the U.S. Consul from 1861 to 1863 and as the Consul General in Shanghai from 1863 to 1876.
was resident in the British Settlement. In Shanghai the French were particularly concentrated, not on the north side of the Chinese city, where the French Concession would eventually be established, but on the south side of the Chinese city, at Xujiahui. This location was near the tomb of Xu Guangqui - the most prominent Chinese Christian - who had served the Ming Court in senior positions in Beijing in the early 17th Century, and had worked with Matteo Ricci. It was part of de Montigny’s mandate to ensure protection for Catholic missions in Shanghai, but there was also a potential commercial aspect involved in his mission as well.

In the course of 1848 another French man, Domenia Remi, a watch and clockmaker, and wine trader from Canton, arrived in Shanghai wanting to develop his business. This gave de Montigny the opportunity, without consulting his superiors in Paris, to negotiate for the concession of an area of land that would constitute a site for French residence in Shanghai. On April 6, 1849, the Shanghai Daotai, Lin Gui, proclaimed the establishment of a French Concession, consisting of a relatively small area of land, of 986 mu (164 acres), located immediately north of the walled Chinese city. In October 1861 the Concession was enlarged by adding another 138 mu, comprised by a small piece of land at the southeast of the original Concession, between the Chinese city wall and the Huangpu. This gave the Concession valuable additional frontage on the Huangpu River. In the early 1850s the number of French residents in the concession was very small. Nevertheless, the establishment of the French Concession meant that three of the major Western powers, namely, Britain, the United States of America, and France, had formally established ‘settlements’ in Shanghai by the middle of the 19th Century.

Originally, the foreign settlements in Shanghai – what was to become the International Settlement, and the French Concession – were to be completely racially segregated. The land regulations prohibited Chinese from renting property there. Those Chinese already living in the areas designated for foreign settlement were to be gradually

---

36 Since the 16th Century, the Jesuits had had an active presence in China, playing a determining role in instituting a dialogue between the Ming Dynasty and the West, and being particularly valued by the Chinese for their linguistic and scientific skills and knowledge. They had been expelled from China in 1773 (during the Qing Dynasty), but had returned immediately following the First Opium War, especially to Shanghai, where they had been since 1842.
evacuated after being compensated for their property by the foreigners (even if what might in practice be termed “renting” from the Chinese owner, was in fact a purchase of property from them, by the British client). This policy was not only advantageous for the foreigners, but it was part of the Qing Imperial strategy following the effective British campaign of 1841-42, and the Chinese acceptance of the Treaty of Nanjing. By the Treaty of Bogue in 1843, local Chinese authorities, together with the British consul in each of the five treaty ports, “were to designate a limited zone within which foreigners could travel, as well as an area where British subjects could reside.” The Chinese Imperial aim here, (in the Chinese wording of the treaty but not so clearly present in the English version) was that “‘the boundaries of an area should be designated which foreigners are not allowed to exceed’.” By confining the foreigners (the “barbarians”) to limited, designated and segregated areas in the treaty ports, the Qing hoped to limit the foreigners’ influence as well as to minimize the troublesome matter of disputes between local people and these foreigners.

This policy of the racial segregation of the foreign settlements in Shanghai, worked without much difficulty from approximately 1845 until the early 1850s. During that period, as we have seen, the American Settlement was de facto granted in 1848 and the French Concession was legally established in October 1849. Also, the British Settlement, with the permission of the Manchu Daotai Lin Gui, was extended westwards to Tibet Road, and north to the southern bank of Suzhou Creek. Between 1844 and 1851, the foreign population of Shanghai increased from 50 to 265. In 1852 the Chinese population of the settlements was about 500, so that over half were foreigners, who were now gradually coming to outnumber the local residents. However, in September 1853 unrest broke out in Shanghai that became known as the Small Swards Uprising (from 1853 to 1855). This, together with the larger Taiping Uprising (from 1851 to 1864) in South and Central China, had results that irrevocably changed the character of the Shanghai settlements. In March 1853 the Taiping captured Nanjing and made it their

37 The Small Swords were a secret society, one of many such secret societies as well as other rebel groups that developed during the period of the Taiping uprising, and that were affiliated to, or supportive of that anti-Qing movement. The membership of the society was primarily from Guangdong and Fujian Provinces, and it had a Guangdong branch in Shanghai.
Heavenly Capital and in May 1853 a Small Swords group took over Xiamen, one of the

treaty ports, on the Fujian coast. In September of that year, rebels reclaimed the county
seat of Jiading, 20 miles southwest of Shanghai, and took over the walled Chinese city.
The rebels then proceeded to attack other towns in Shanghai county. In April 1853 a

policy of armed neutrality was adopted by the Settlements and the Shanghai Volunteer

Corps was founded to defend the settlements.

In the turmoil of the fighting [of the Small Swords Uprising], thousands of

[Chinese] refugees, mostly from the county town of Shanghai but also

from other occupied towns, poured into the foreign settlements, which

were within walking distance of the war-torn city. The population of the

combined British and American settlements jumped from 500 in 1853 to

more than 20,000 in 1855.38

The influx of Chinese refugees into the foreign settlements, as a result of the

Small Swords Uprising, not only violated the principle of the racial residential

segregation of those settlements, but also presented severe practical problems for the

foreign community in Shanghai. The critical question was whether to accept the refugees,

thus abrogating the principle of racial segregation in the settlements and, if they were to

be accepted, how to house them? Shortly after the uprising, the southern part of the

British Settlement, according to one observation was “blocked with abominably over

crowed and filthy hovels, fraught with the danger of fire and pestilence, rife with

brothels, opium shops, and gambling dens.”39 One group of foreigners, led by the British

consul, Sir Rutherford Alcock, primarily concerned with the safety and comfort of the

foreign community, believed that the Chinese should be expelled from the settlements,

and any housing they erected, or was built for them, should be demolished. After

consultation with the Shanghai Daotai, Alcock sought to put this policy into effect in

1855. However, there were opposing points of view within the foreign community. For

every example, some foreign merchants saw an opportunity to make a fortune, getting rich

quickly by building dwellings for the refugees, and renting or selling houses to them.

38 Lu, 1999, 33.

39 C.A. Montalto De Jesue, Historical Shanghai. Shanghai: Shanghai Mercury, 1909, 98.
This purely economic perspective on the situation was well represented by an outspoken British merchant who expressed his views to Alcock by saying:

[I]t is my business to make a fortune with the least possible loss of time, by letting my land to Chinese, and building for them at thirty or forty percent interest, if that is the best thing I can do with my money. In two or three years at farthest, I hope to realize a fortune and get away; and what can it matter to me if all Shanghae [Shanghai] disappear afterward in fire or flood?...We are money-making, practical men. Our business is to make money, as much and as fast as we can; and for this end, all modes and means are good which the law permits.40

One result of this get-rich-quickly attitude of the foreign merchants was that:

Rows of simply constructed, single-story wooden houses appeared literally overnight along the Bund, in the northwest part of the British Settlement, as well as on banks of the Yangjingbang, the creek that separated the British and French settlements.41

Also, many refugees were well-off merchants and landlords who were willing to pay the high prices that foreign developers and landlords asked. Real Estate values soared rapidly. For instance, a piece of land acquired originally for £46 to £74 per acre, was now sold, in the context of housing the Chinese refugees, for £8,000 to £12,000 per acre.42 Lobbied strongly by the foreign merchant community’s economic interests, the British consul, Alcock, warned that he “‘was losing time in any efforts to stem the idea of land-jobbing and house-building for Chinese tenants’.43 He soon gave up the struggle to keep Chinese refugees out of the settlements, and this essentially ended the principle of a segregated, foreign settlement in Shanghai.

As a result, a new set of Land Regulations was signed by the British, American, and French consuls in July 1854 and was passed at a public meeting of the city’s foreign residents. This in effect legalized the mixed settlement of Chinese and foreign residents.

40 Quoted by Lu, 1999, 34.
41 Ibid, 33.
43 Lu, 1999, 34.
in the foreign settlements in Shanghai.\textsuperscript{44} From then on the Land Regulations (including their subsequent revisions), remained "the fundamental law, or 'constitution,'"\textsuperscript{45} for Shanghai's foreign settlement, until that settlement was abolished, under the Japanese occupation, in 1943.\textsuperscript{46} By the late 1850s, the foreign settlements in Shanghai were clearly no longer reserved areas for foreign residents, but were "special district[s] mostly populated by Chinese, but governed by [foreigners]."\textsuperscript{47}

Although the Small Swords Uprising was put down in February 1855 population mobility into the foreign settlement of Shanghai continued. In particular, the larger Taiping Rebellion, which had begun in Guangxi Province in southwest China, in 1851, rapidly spread to encompass much of South and Central China.\textsuperscript{48} Refugees from this region, especially, continued to flee to Shanghai. The Taipings tried several times to take Shanghai itself between 1860 and 1862, causing even more refugees to pour into the foreign settlements for protection. In conjunction with these events, over a 10-year period, 1855-65, the Chinese population in the foreign settlements increased enormously. In 1855 the total population (British, American and Chinese) of the British-American Settlement was 20,000. By 1865 this figure had climbed to 92,884, of whom about 90,000 were Chinese. During the same period, almost 50,000 Chinese also moved into

\textsuperscript{44} Although the original Land Regulations of 1845 had been co-signed by the Chinese and British authorities, the revised Land Regulations of 1854 were neither approved nor signed by the Chinese authorities; and the desegregation, mixed-residence provisions of the revised Regulations of 1854, were opposed by the Daotai at least into the later 1850s.

\textsuperscript{45} Lu, 1999, 35.

\textsuperscript{46} In January 1943, Britain and America signed a treaty with Chiang Kai-shek (Chinese Nationalist leader) abrogating their extraterritorial rights. The France followed suit. The International Settlement and the French Concession officially became history.

\textsuperscript{47} Lu, 1999, 35.

\textsuperscript{48} In March 1853, the Taiping took Nanjing, and made it their ‘Heavenly Capital’ (Tianjing). Although they then proceeded northwards, in an unsuccessful attempt to take the Imperial capital Beijing, and, somewhat more successfully, westwards, to secure the upper reaches of the Yangtze, the centre of their focus, after 1853, was particularly to secure and hold the area of the Lower and Central Yangtze Valley. The activity of the Rebellion was most severe in the historic region of Jiangnan, south of the lower Yangtze River and its delta, comprising Shanghai County, the southern parts of Jiangsu and Anhui Provinces, and the northern parts of Zhejiang and Jiangxi provinces. Besides holding Nanjing (the Province capital of Jiangsu, and on the Yangtze River) as their Heavenly Capital for 11 years (1853-64), at one time or another, the Taiping held, in or immediately close to the Jiangnan region, important cities such as Suzhou, Hangzhou, Hankou (now a district of Wuhan, on the Yangtze River, in Hubei Province), Yangzhou (just north of Yangtze, above Zhenjiang, on the Grand Canal, in northern Jiangsu Province), and the treaty port of Ningpo.
the French Concession. In total, between 1855 and 1865, well over 110,000 Chinese moved into the foreign settlements in Shanghai.

These events underscore how Shanghai’s unique history is best understood as a semi-colonial, rather than as a fully colonial experience. None of the foreign settlements in Shanghai held complete sovereignty over the territory. From the beginning, a certain authority was vested in the office of national Consul of each settlement. Furthermore, the Consul of the Settlement was also given responsibility for the important administration of the judicial requirements that resulted from the principle of extraterritoriality, taken in conjunction with that of ‘most favoured nation’ status, established in the Treaty of Bogue, and further refined in the Treaties of Wanxia and Whampoa. Still, despite this degree of authority vested in the national Consul, none of the Treaties in question, spelled out clearly, what form of government these foreign settlements in Shanghai were to have and the Chinese government never relinquished its title to the territories.

**Shanghai’s Semi-colonial Political Structures**

The British Settlement was both the earliest of the three foreign settlements in Shanghai and the first to take steps to develop a semi-colonial form of government. As noted earlier, this occurred through the Land Regulations first introduced in 1845 and then revised and reissued, successively, in 1854 and 1866-69. In the beginning self-government of the Settlement seemed to be considerably ‘democratic’ in form with ample representation through the foreign community. However, by 1869 the governance of Shanghai’s International District was showing marked signs of oligarchic rule. The key entities in this government, besides the Consul and the particular authority vested in it, were foreign ‘land-renters.’ Because of a regulation that prevented foreigners from owning Chinese land, property ownership developed through a creative leasing system where land could be rented in perpetuity. Thus, ‘landrenters’ were a major constituency in Shanghai. In the Land Regulation of 1845, Article XII stated, in connection with the building of roads and other public works (including jetties) in the Settlement, that: “The

50 Rosenberg, 2007, 52.
Consul will be requested by the various renters [landrenters] to urge the propriety of assembling together and publicly consulting about and contributing towards the necessary expenses incurred therein..."51 And Article XX of the agreement, in connection with taxation, stated that: "...the several contributors [landrenters] will request the Consul to appoint three upright merchants to deliberate upon and determine the amounts to be subscribed by them [the contributors]..."52 This article laid out the key elements of the Settlement's system of self-government. In addition to the British Consul and representation of landrenters the settlement adopted a Public Meeting and created a committee to administer wharves and roads.

The character, status, and powers of both of these latter entities were further developed, clarified, and established by the successive revisions of the Land Regulations noted earlier. Eventually, the Public Meeting came to constitute a form of 'parliament' that discussed and ruled on the Settlement's budget and on other matters related to the Settlement and its functioning. It was required to meet once a year for this purpose. In addition, either the Consul, or the landrenters could, if they thought it was required, call a Public Meeting at any other time. The franchise for the Public Meeting was limited. According to the 1845 and 1854 Land Regulations "only landowners [landrenters]...could take part in the decision making process at the Public Meeting."53 Still, with the growth in the settlement of people who rented housing and paid a house tax, or wharfage dues (but not the property tax paid by the landrenters), membership or participation in the Public Meeting became a controversial issue. The final approved Land Regulations of 1869 extended the franchise for participation in the business of the Public Meeting, to all renters but, by fixing a very high level of rent qualification in this respect, the principle of a limited franchise (limited largely to landrenters, themselves

52 Ibid., 36.
53 Ibid., 39.
leasing property of a certain value, and paying a certain level of taxation) was maintained. 54

After 1852, a practice of proxy voting at the meeting was established. A vote taken at the Public Meeting of March 12, 1866, discontinued that practice, but proxy voting was included in Beijing in the final Land Regulations approved in 1869. Together, with the financial qualifications for the franchise, proxy voting became an important factor in the development of oligarchic rule. Two other features of the Public Meeting should also be noted. The British Consul was generally in the chair at these meetings, and the Chinese were excluded from them, and from the franchise itself.

The other entity that came to form a key element of the Settlement’s system of self-government was the Committee of Roads and Jetties, and it functioned as the executive for the settlement, in conjunction with the powers that were vested in the Consul. In 1854, the Committee of Road and Jetties became the Municipal Council. In the revised Land Regulations of September 1869, the Council became known as the Shanghai Municipal Council. The Land Regulations of 1866-69 were particularly concerned with strengthening the power of this executive council. For instance, 10 out of 29 articles in the 1869 Land Regulations dealt with matters relating to the Municipal Council. 55 In the approved Land Regulations of 1869, Article XIX states:

And no one shall be qualified to be a member of the said Council unless he shall pay an annual assessment, exclusive of licences, of fifty taels, or shall be a householder paying an assessed rental of one thousand two hundred taels per annum. 56

This set qualification for membership in the council at a very high financial level. In practice it meant that only representatives of the big commercial houses, or other similar

54 Ibid., 40.
55 Ibid., 46.
56 Ibid., 46.
business interests, could be on the Council, since virtually no private person paid enough
taxes to qualify for membership.57

It is also notable that the Council’s membership numbers fluctuated wildly
between 1849 and 1869, before they were fixed at nine members, in the 1869 approved
Land Regulations. The first non-Anglo-Saxon to sit on the Council was a German,
elected in 1863-64. A German retained a seat on the Council till 1914, after which (1915)
the position was taken by a Japanese member. British and American members maintained
a majority on the Council until 1930 (after which they had parity with other foreigners).
As regards the Chinese, Haan states: “Throughout the history of the Settlement the
Chinese who constituted the vast majority of the population were not allowed to exercise
a vote at Public Meetings or for the election of the Municipal Council.”58 In 1866, 59 1906,
1915, 1919-21, and 1925, unsuccessful moves or attempts at forms of Chinese
representation on, or in relation to, the Shanghai Municipal Council were made, but it
was not till 1927 that: “For the first time in the Settlement’s history, three Chinese took
their seats on the once exclusively foreign Shanghai Municipal Council and three years
later their number was increased to five.”60 The Chinese members of the Council were
not elected but were chosen by the Chinese Ratepayers Association: “Mostly from
industrial and commercial circles so that all Chinese members came from the same
background as the foreign members.”61

From the beginning, the tenure of office of the Council was always for one year
only. An important aspect, stipulated in the Land Regulations of 1869, Article XVIII, was

57 Indeed, already in the period up to 1865, only one instance has been found of a Municipal Council member who
did not originate from a commercial firm or ‘China house,’ and that was the Rev. Dr. Medhurst of the London
Missionary Society, who was a Council member 1854-55. Rosenberg, 2007, 36.
58 Haan,1982, 45.
59 According to Haan: “The Settlement was really a foreign one in so far as its government was dominated by non-
Chinese, but with the advantage of time, introduction of new ideas among sections of the Chinese population, the
increase of this population itself and the resulting problems, it was evident that some mode had to be devised for
representation of Chinese on the Municipal Council, if not at Public Meetings. The very first proposal for native
representation was made in 1866 by the commission which had drafted the new Land Regulations. It was proposed
that a Board of three Chinese was to be established to advice the municipal Council. This was apparently not
approved by the foreign ministers, for it was never put into practice.” Ibid., 49-50.
60 Ibid., 49-50.
61 Ibid., 49-50.
that: "Should the number of names proposed for election be exactly nine [the stipulated numbers of the Council] or less than nine and not more than four, it shall not be necessary to have a poll."62 This rule, it was alleged, favoured "the small and select group which dominated the affairs of the Shanghai International Settlement,"63 because that group could control the nominations for Council. If there were exactly nine nominations, the nominating group could avoid the risks involved in an election. The system of self-government described above, with some minor amendments over these years, remained the constitution of the International Settlement until it was abolished in 1943.64

The situation of the French Concession, however, was slightly different. From his arrival in Shanghai, in January 1848, Louis Charles de Montigny, the French Consul insisted upon the specificity and separateness of French identity and status in Shanghai, particularly vis-à-vis the British. In May 1853, the British Consul, Rutherford Alcock, laid before the American, and later the French authorities, a draft for new Land Regulations. This draft included the suggestion that the British Settlement and the French Concession be amalgamated. This suggestion was not acted upon.65 The French Government in Paris had never ratified the Land Regulations of 1854, and in 1861 they refused to do so. The outcome was that on May 1, 1862, a separate Municipal Council for the French Concession was created. A major difference between this 1862 Conseil Municipal of the French Concession, and the Municipal Council of the British and American International Settlement, was that the Conseil Municipal was directly responsible to the French Consul, and thus, ultimately, to the authority of the Ministry of Foreign Affairs (the 'Quai d'Orsay') and therefore to the French Government in Paris. By

62 Ibid., 51.
63 Ibid., 52.
64 The ‘settlement’ refers to an area set apart, wherein foreigners by land from Chinese, and pay their own land tax, while a ‘concession’ is an area granted at a total rent by China to a foreign power, which sublets to its subjects or other persons not Chinese, and administers it under its own municipal regulations. C. F. Fraser, “The Status of the International Settlement at Shanghai.” Journal of Comparative Legislation and International Law, Third Series 21.1 (1939) 39.
65 However, the French Consul, as the American, was a signatory to the revised Land Regulations of 1854, which included the institution of the Municipal Council, to replace the previous Committee of Roads and Jetties. Factors favouring cooperation between the French and British at this time included that the two countries were allied against Russia in the Crimean War of 1853-56; and that the settlements of both countries in Shanghai were seriously threatened by the Small Swards Uprising and by the Taiping Rebellion. Later, the French and the British acted together again, this time against the Chinese Imperial government in the Second Opium War (1856-60).
contrast, the British and American Municipal Council was, in theory, at least responsible to the Public Meeting and to the land-renters, who elected the Council. Nonetheless, as Lu notes:

The French Concession was therefore governed by a separated municipal council headed by the French consul-general and was not subject to the Land Regulations. In reality, however, much of the administration of the French Concession duplicated the regulations and practices of the International Settlement.\(^{66}\)

Thus, by 1869, Shanghai had come to consist of three specific entities, each defined geographically and administered by their own distinct administrations: the International Settlement, the French Concession, and the Chinese city.

The life of Shanghai was intimately and directly connected both with China’s struggles with foreign powers, and its own internal political and social conflicts, through the rest of the 19th and 20th centuries, until the founding of the PRC in 1949. An important example of this was the conflict between Japan and China that developed at the end of the 19th Century, resulting in the First Sino-Japanese War of 1894-95. The War centred, in the first instance, on which of the two powers, China or Japan, was to control Korea, which traditionally had been a tributary state under Chinese sovereignty. As an emerging regional power in the Meiji period (1862-1912), Japan was concerned that Chinese control of Korea constituted a serious threat to Japanese interests. Korea possessed valuable natural resources of coal and iron that were coveted by Japanese industrialists. Japan’s policy, therefore, was either to establish the independence of Korea, on terms favourable to Japan, or to annex the peninsula.

In 1894 Kim Ok-kyun, the pro-Japanese Korean leader of the 1884, attempted a reformist coup in Korea and was assassinated in Shanghai. At the request of the conservative Korean government, the Chinese sent troops into Korea to help defeat the Tonghak Rebellion (1894-95) that had risen up against the government. The Japanese countered by sending their own troops into the peninsula and prepared to expel the

\(^{66}\) Lu, 1999, 35.
Chinese. War broke out August 1, 1894. In the war that followed the Japanese army demonstrated a superior level of technological sophistication in weaponry, along with an effective modernization of its military and naval forces, its system of command, and its operation as a well-organized power. The Chinese soon sued for peace.

At the Treaty of Shimonoseki, April 1, 1895, the independence of Korea was recognized by China. In addition, a very large indemnity was levied on China; and China ceded, the Pescadores, Taiwan, and the Liaodong Peninsula – the latter provision being resolved, through the intervention of Britain, France, and Russia, shortly after the treaty, in exchange for an additional financial indemnity to Japan from China. Shanghai, in particular was directly affected by the commercial provisions of the treaty, and by the Treaty of Commerce and Navigation that supplemented it.

These treaties continued to open up China to foreign trade and to limit foreign settlement, that had begun with the Treaty of Nanjing in 1842, and had continued with the subsequent treaties and treaty-related arrangements involving Britain, France, and the United States (the ‘unequal treaties’). The key article of the 1895 treaty was Article VI, which opened the way for Japan to receive ‘most favoured nation’ status. This meant that Japan was entitled to the same trade, residence, and other privileges and conditions, in Chinese treaty ports (the number of which had been greatly increased since 1842), and in the other ‘open’ towns and cities in China, as had been granted earlier to other foreign

---

67 It drove the Chinese out of Korea; crossed the Yalu into Southern Manchuria (now southern Laioning Province), taking the Liaodong peninsula (including the port of Lushun [Port Arthur]), and advancing towards Mukden (now Shenyang). It took the Pescadores (P'eng Ch'un-tou) and Formosa (Taiwan) from China; and finally convincingly defeated the Chinese, in February 1895, at the land and naval battle of Weihai, on the north coast of the Shandong Bandao peninsula (in north-eastern present-day Shandong Province). The Japanese now controlled the sea approaches to Beijing and could threaten the Chinese capital. Rosenberg, 2007, 46.
powers. The treaty also opened four new cities,68 besides the existing treaty ports to Japanese trade and residence.

Finally, the 1895 treaty allowed the Japanese to "engage in all kinds of manufacturing industries in all the open cities, towns, and ports of China," which allowed for significant financial investment. It is worth noting that the concessions given to Japan were also extended to other foreign nations engaged in commerce in China. Still, these concessions significantly expanded Japan's sphere of influence in Chinese industry. There had been Japanese living and working in the foreign concessions in Shanghai (largely as small-scale merchants, with their families, and women working as prostitutes) since 1871. However, the 1895 treaty expanded and legitimated the Japanese presence. The Japanese settled in the area of North Sichuan Road, in Hongkou, north of Suzhou Creek, within the International Settlement. Thus, they became an additional very significant foreign power in Shanghai, even though they did not have a formal "Settlement" there as did the British, French, and Americans. Their 'informal' area of 'settlement' in Hongkou was known as 'Little Tokyo' or the 'Japanese District' and at the political-level, they had their own resident consul-general in Shanghai. After 1915 the Japanese replaced the Germans as holders of one seat on the Shanghai Municipal Council. By 1915, the number of Japanese residents within the International Settlement had grown to a point where it surpassed that of the combined British and American residents there.

Political Conflicts and the Emerging Chinese Republic

By the early 20th Century China was undergoing profound changes. The larger factors associated with these changes included the forcible opening up of China to

---

68 These new ‘treaty’ cities were all, significantly, directly related to the navigation systems of the Yangtze River and the most southern part of the Grand Canal (with connected with the Yangtze, just east of Zhenjiang). These cities were Shashi (in Hubei Province) and Chongqing (in Sichuan Province), both important ports in the interior, on the Upper Yangtze River, and Suzhou and Hangzhou, the latter at the southern head of the Grand Canal system, and the former a bit north on the same system, and directly west of Shanghai, at the point where the Wusong River (which jointed the Huangpu at Shanghai) connected with the Grand Canal system. Further, the Japanese were granted steam navigation "for the conveyance of passengers and cargo," on three stretches of water related to these four new treaty ports: the Upper Yangtze between Yichang (west of Shashi) and Chongqing; the Wusong River from Shanghai to Suzhou; and the Grand Canal from Hangzhou to Suzhou.
foreign powers, and the resultant ‘unequal treaties’; the destabilizing effect of numerous rebellions in different areas of China; and the belated, but insufficient efforts of Qing Dynasty leaders to modernize China. Attempts at modernization, such as the ‘self-strengthening’ movement from the 1860s to the end of century, or to reform the imperial administration and society (e.g., the Hundred Day Reforms of 1889, and the late Qing reforms of 1901-1910), proved to be insufficient and stimulated a widespread desire for more radical solutions. In 1905, the Tongmenghui, or Revolutionary Alliance, was formed in Tokyo under Sun Yat-sen, bringing together nearly all the then existing revolutionary organizations, and enunciating: “The People’s Three Principles: the overthrow of the Manchus, the restoration of China, and the adoption of a republican regime, complemented by the clause concerning the equalization of land rights.”

After a series of unsuccessful insurrections in southern China (Guangdong, Guangxi, and Hunan, 1907-1911), culminating in an important, but failed, attempted uprising in Guangzhou (April 1911), revolutionary members of the Wuchang garrison of the New Army, in Hubei, staged an insurrection on October 10, 1911. In connection with this insurrection the Provincial Assembly of Hubei, and its ‘local elite’ membership, declared the province’s republican independence of the Imperial government. The action in Wuchang triggered a wildfire response, and by early December 1911, 14 provinces, comprising all of southern and most of Central China, had seceded from the Empire and had declared adherence to the putative republic. In Shanghai itself, at the beginning of November, the revolutionaries took the Jiangnan arsenal and gained control of the city. Now Shanghai, and the Shanghai-Nanjing axis, became of great importance in the revolutionary movement, particularly as a result of the leadership of Song Jiaoren, who had founded the central China Bureau of the Revolutionary Alliance, in Shanghai, in July

---

69 China’s internal rebellions included the White Lotus Rebellion of 1796-1804, through the major Taiping Rebellion of 1850-64, and then the Nian Rebellion (1856-68), and the Muslim Rebellions (1856-73 and 1862-73), to end with the Boxer Uprising of 1900-1901.


71 They were supported by the elites: members of the education societies, the chambers of commerce, the municipal commissions of the Chinese city, and the provincial assembly. The influence of these same elites prompted the governors of the lower Yangtze provinces – Jiangsu and Zhejiang – also to proclaim their independence.
1911. On December 14, 1911, an assembly of representatives from all the seceded provinces met in Nanjing, which had been chosen as the seat of the putative provisional government. On December 29, they elected Sun Yat-sen as Provisional President of the Republic of China. Sun Yat-sen had returned to China from the United States on December 21 and was waiting in Shanghai. On January 1, 1912, Sun arrived in Nanjing and was inaugurated as President of the new republic.

The foreign colonial powers carefully watched China’s political developments and realized that the Imperial Qing regime had outlived its legitimacy. So they quickly moved to accept the new republic’s government in order to protect their already-established treaty rights, privileges, and economic interests. Prior to the election of his provisional presidency, Sun had gained diplomatic support from both Britain and France. He successfully attained an oral agreement from the British government to stop giving loans to the Qing. He also visited London and attempted to prevent Japan from aiding the Qing financially. In addition, Sun convinced the Four-power Banking Consortium to recognize his revolutionary government. In a following trip to France, Sun was warmly received by the French Premier, Clemenceau. In response to these initiatives, the Shanghai Municipal Council and the Conseil Municipal of the French Concession declared acceptance of the new Republican regime. In so doing, the legal status of the settlements and the privileges of foreigners remained intact.

But, Sun’s presidency, was short-lived, lasting only forty-five days. Following the Wuchang uprising, the imperial court had turned to Yuan Shikai, who had been an imperial general and a principal military and political figure in the declining imperial government, from the early 1880s. Yuan had been forced into retirement in 1909, following the deaths of the Emperor Guangxu and the Empress Dowager Cixi. The revolutionaries, who did not yet control Beijing and the North, were also in contact with Yuan, who seemed to be the only person: “capable of resolving the crisis caused by the

---

74 Yuan had been associated with the Qing New Policy (Reformist) of the early 1900s. He set up the Beiyang Army and worked to reform the imperial administration.
Wuchang uprising, and of obtaining the abdication of the dynasty, avoiding civil war, and preserving national unity by preventing the intervention of foreign powers.\textsuperscript{75} In early November, 1911, the revolutionaries, with Sun's concurrence, offered Yuan the presidency of the putative Republic, if he would obtain the end of the Manchu Dynasty.\textsuperscript{76} On February 12, 1912, as a result of negotiations between Yuan and the imperial court the young Manchu emperor abdicated. On February 15, Sun announced his resignation, and the provisional Parliament elected Yuan President of the Republic.\textsuperscript{77}

The Chinese republic was immediately contested and the two decades that followed its inception were filled with conflict and intrigue. While the brief history of the Republic has been variously constructed and interpreted, it can usefully and initially be divided into two parts. The first period runs roughly from 1912 to 1916. In these years, Yuan, from his election as president in 1912 to his death in 1916,\textsuperscript{78} tried to centralize power in the 'Early Republic' along lines that had already been drawn at the end of the Qing dynasty. Following Yuan's death, a 'Warlord Era,' followed, in which the central

\textsuperscript{75} Bergère, 1998, 219. The state of China, in this transitional period of time, suffered from political fragmentation and national unification was far from achieved. Given this weak political situation, there was a strong chance of invasion of the foreign predatory powers. In addition, natural disasters had devastated the countryside, causing famine and creating masses of refugees. The nearly bankrupted local government failed to provide relief for refugees and local sporadic rebels across China were common. In order to quickly restore order to the country, the political leaders in Nanjing provisional government were willing to grant Yuan Shikai the seat of provisional president to exchange his effort negotiating Qing court's abdication.

\textsuperscript{76} The Republican government agreed to offer the deposed emperor with the same courtesy as a foreign sovereign, to keep his title and properties, and to provide him an annual pension of 4 million taels. Richard T. Phillips, China since 1911. Basingstoke: Macmillan, 1996, 13.

\textsuperscript{77} Ibid., 474. It was a complete disillusionment that Sun and other leaders of the Nanjing government considered Yuan indispensable to prevent China from civil war. Yuan, at the beginning, showed Qing his loyalty and persuaded Qing to raise the military fund of his Baiyang Army to fight the revolutionaries, while at the same time, he "flirted" with the Nanjing government for his political future in the republic structure. Once the offer of the provisional presidency was confirmed by Sun, he started to pressure the helpless Qing court to abdicate.

\textsuperscript{78} Yuan had no interest in establishing an institutional republican government leading China towards democracy. Without intention to leave his power zone in the North, Yuan relocated the Republican government to Beijing. To enhance his own power, he then started to make a travesty of the Republic and proceeded to restore a monarchy. He dominated the cabinet and he had named and manipulated the Parliament in order to assert overweening presidency power. Yuan was formally inaugurated as President on October 10, 1913, as the provisional government became history. Later that year, he ordered to dissolve the Nationalist Party and evicted its parliamentary members on the pretext of their involvement in the Second Revolution. (Being skeptical of Yuan's regime, 7 provincial military governors declared independence in July 1913. This is the co-called Second Revolution. But this rebellion was quickly crushed by Yuan's troops.) Without meeting a legal quorum, Parliament was paralyzed. Yuan achieved virtual dictatorship. The next step of Yuan's political scheme was his drive for the emperorship. Yuan's imperial regime was short lived, from January 1, 1916 to March 22 of the same year. Yuan's dictatorship resulted in the distrust of his own political allies, and his leadership over Baiyang Army, his military protégés, was also shattered. In June 1916, he died when province after province declared independence of Beijing. The era of warlordism began. China's Republic government entered its darkest period. Jonathan D. Spence, The Search for Modern China, New York: Norton, 1990, 279-287.
government was ineffective, and political authority in China was fragmented among a number of regionally based warlord regimes, in a pattern of conflicts and shifting alliances. This was also a period in which the issue of what direction, following the ‘Revolution’ of 1911-12, China should take, was hotly debated and became even more divisive.

The divisions were quickly reflected in the creation of new partisan organizations. For instance, the Kuomintang (Nationalist Party) was founded in August 1912 (dissolved by Yuan in November 1913) and was reorganized in January 1924; the historic May Fourth Movement 1919 against the Versailles Treaty took form; and the Chinese Communist Party was founded in 1920-21. In 1926-28, the Northern Expedition of the National Revolutionary Army, under Chiang Kai-shek, subdued Central and Northern China, captured Beijing, and established a Nationalist government with Nanjing as its capital. The years 1928-1937, become known as the ‘Nanjing Decade.’ They are marked especially by the rule of the Nanjing government; the complex relations, and conflict between the Kuomintang and the Communists; and the increasing encroachment of Japan upon China, especially from the time of the Mukden (Manchurian) Incident of 1931 to the outbreak of the Second Sino-Japanese War in 1937.

Shanghai was not a central stage for the major political actors of the time. However, the city had been a backstage where the major political powers wrestled and where social movements struggled. Its role, in this regard, was indispensable in modern Chinese history. Prior to 1911, Shanghai had been one of the operational bases for Sun Yat-sen’s Nationalist revolution, because the city was virtually free from the Imperial Qing’s jurisdiction. Political dissidents fled to foreign settlements in order to avoid political torment and to further disseminate their revolutionary ideas.

Shanghai and its citizens became directly involved due to a series of worker movements and to the founding of the Chinese Communist Party. The May Fourth Movement of 1919 began as a student demonstration in Beijing and quickly spread to Shanghai, the country’s industrial centre. In Shanghai the protest was joined by workers, who protested against the terms of the Versailles Treaty which sanctioned Japan’s
occupation on Shandong. Shanghai witnessed an explosion of nationalism and of anti-
foreign rebellion. Notably, the May Fourth Movement successfully mobilized around
6,000 workers to participate in a general strike. At this time, Shanghai’s industrial
development had given birth to a new Chinese industrial proletariat. This strike had built
up the linkages between worker’s organizations and a new form of labour activism was
taking shape.

After the May Fourth Movement, Shanghai became a centre where China’s left-
wing intellectuals congregated. Chen Duxiu, one of the leading intellectual leaders of the
May Fourth Movement, who was the Dean of Beijing University, served a three-month
jail sentence for editing the journal, New Youth. This was an influential intellectual
journal first published in Beijing and was considered inflammatory literature by the
Beijing authorities. Immediately after his jail time, Chen left Beijing for Shanghai and
continued editing New Youth there. He then began to advocate socialist ideas and worked
to organize unions. In 1920, with assistance from Grigori Voitinsky and Yang mingzhai,
two Comintern agents dispatched to China by Lenin, Chen formed a Marxist study group,
and Socialist Youth League, to train youth in foreign languages and revolutionary
organization skills. From this initiative, a nucleus of potential communist party members
went back to their hometowns and steadily spread communist teaching. Around the same
time, Chinese students, who were in Paris’s work-study program had become inspired by
socialist doctrine and French labour organizations. Some participated in local labour
activities, attended demonstrations, and ran underground journals. Among the Paris
contingent were future leaders, Zhou Enlai and Deng Xiaoping, who had joined the
Communist party in France.

In June 1921, the Chinese Communist Party (CCP) was founded in Shanghai’s
French Concession. With 13 delegates presented, including the future leader, Mao
Zedong, the first meeting of the CCP secretly met on the top floor of a Shikumen
alleyway house, near a girl’s school that was closed for the summer.79 The CCP’s
activities in Shanghai involved agitation through anti-imperial and anti-capitalist labour

79 Ibid., 322.
strikes, as the city’s modern industries employed a large number of factory workers. The major strikes mobilized by CCP included the May Thirtieth Movement in 1925, the three Armed Uprisings from 1926-1927, the Meiya Strike in 1934, and the All-city Strike in 1936-1937.

During the Nanjing Decade Shanghai had become a battlefield between the Nationalist regime and the CCP. The Nanjing administration, which associated with capitalist interests, had established close links with the city’s bankers and industrialists, Chinese or foreigner alike, whose financial contribution to Chiang’s Army was “legendary.” Needless to say, the CCP’s labour activism was greatly disliked and feared by Chiang Kai-shek’s capitalist friends. Even more notoriously, Chiang had cooperated with the formidable underworld Green Gang to exert ‘white terror,’ using murder and kidnapping to force CCP members and radical activists out of the city. Shanghai, had initially been a relatively safe place for political dissidents, but they were no longer secure. The terror of occasional assassinations, murders, and kidnappings on the both sides of the political divide haunted the city. In this context, control of the CCP-dominated labour unions fell into the hand of Green Gang leader, Du Yuesheng, who became rich through the opium trade, prostitution, gambling, and cabaret.

The Changing Economic Context

Shanghai had undergone a major transformation into a colonial ‘world city’ since its opening to foreigners in 1842. Immediately after the Treaty of Nanjing, important foreign financial institutions and the big trading companies had set up offices in Shanghai for various levels of colonial exploitation. Kris Olds has noted: “Between 1847 and 1865, for example, 10 British banks and one French bank were set up. By the 1890s, banks from Germany, Japan, Russia, and the Netherlands opened representative offices in

---


Shanghai. The princely houses, such as Jardine, Matheson, Butterfield and Swire, Dent's & Co., whose business empires stretched from London, Bombay, Hong Kong, to Yokohama, had launched businesses in Shanghai by the 1870s. Foreign investment stimulated the new development of foreign-owned industries in a wide spectrum of enterprises, such as public utilities (gas, electricity, and telephone), tramways, shipyards, cotton mills, silk filatures, flour mills, and cement works. At the same time, modern Chinese enterprises had also begun to make significant contributions to the economic development of the city.

The expansion of capital industrialism was accompanied by widespread changes in Shanghai's urban infrastructure. As early as in 1864, the Shanghai Gas Company was formed and, in the following year, gas was first used for street lighting in the International Settlement. Road building started during the 1860s when the city began to be filled with new houses and the tramway landed in Shanghai in 1876 as a new means of transportation. Modern communication technology was also installed in Shanghai at this period of time. The first telegraph cable was built to link Shanghai and Hong Kong in 1870. In 1881, telephone service began to operate with only 338 subscribers. Almost 20 years later, the city had a telephone service that extended to 100 principal stations. Water works were completed in the concessions in 1883 and a year later the water system was extended to the Chinese quarter. In 1882, the electric light was first introduced to Shanghai and, in 1893, a large electronic plant was established. The motorcar made its debut in 1902, when the carriage was still popular for the city's wealthy class. By 1928, there were more than 7,000 vehicles registered in Shanghai.

84 Ibid., 75-77.
85 Ibid., 101.
86 Ibid., 106.
87 Ibid., 109.
88 Ibid., 110-111.
89 Ibid., 162.
During and after World War I (1914-1918), Shanghai's booming economy literally took off. The event also ushered in China's "golden age of national industry." Due to the outbreak of the war and the subsequent effect of the decline of imports and foreign competition, which led to the development of substitute industries, Shanghai's modern sectors saw a great expansion, including increased Chinese owned industries, most notably textile and flour mills. With foreign banks affected by war, Chinese banking grew rapidly. A dozen or so modern Chinese banks were established in Shanghai, such as the National Commercial Banks (which moved its headquarters to Shanghai in 1915), the Shanghai Bank of Trade and Savings (1915), the Industrial Bank (1915), and the Ningbo Bank (1915). Chinese official banks, such as the Bank of China (1912) and the Communications Bank (1908), whose major financial activities were to manage state funds and loans and "whose founders either came from government circles or maintained close links with high ranking officials," also emerged in this wave of growth. These modern Chinese banks, all with branch offices in Shanghai and with extended networks of branches in other provinces, enjoyed spectacular success by financing loans to Chinese industries and by attracting businesses from immigrants in Shanghai. With the presence of the foreign banks, the development of modern Chinese banks, and the traditional qianzhuang banks, Shanghai emerged as the premier financial centre in China.

During the Nanjing Decade, Shanghai emerged as China's undisputed leader in industry, in addition to banking, and finance. By the 1930s, Shanghai accounted for more than half of China's national trade. Even more notably, Shanghai's banks were financially involved with nearly 90% of China's trade. In 1933, the city's trade value

90 Perry, 1993, 43.
93 Ibid., 80.
94 Qianzhuang is a form of traditional banking institution, first emerging in Ningbo at the end of the nineteenth century. Ibid., 110.
exceeded that of Japan. As a port, Shanghai ranked sixth in the world. Shanghai’s economy expanded rapidly through increasing industrialization and commercialization. By 1935, Shanghai’s industrial sector accounted for 28.9% of the city’s population. Its industrial labour force, constituted 43% of China’s total industrial work force. Equally impressively, the capitalization of Shanghai’s industries amounted to 40% of China’s total capitalization and the value output of the city’s modern factories accounted for half of the nation’s output.

**Immigration Creates a Chinese ‘World City’**

Shanghai’s political situation and advanced modernization attracted a flood of immigrants from the rest of China. By 1910, the city had 1.3 million people, but by 1927 the population had grown to 2.6 million. There was a radical difference between the modern Shanghai and the impoverished Chinese inland. Still, Shanghai retained intimate linkages with the Chinese countryside. Marie-Claire Bergere has argued that:

> the treaty ports did not become enclaves living off themselves...Every famine, every civil war that ravaged the countryside was accompanied by an inflow of capital to the coastal cities and increased activity there. The poverty of the interior contributed to the upsurge of the treaty ports.

For China’s leading treaty port this polarising development was not entirely negative. The city drew a mixture of types and classes of immigrants. Non-native residents made up 85% of Shanghai’s population in 1850 and, even a century later, in 1950, the proportion still stood as high as 84.9%. The Chinese elite, the so-called ‘superior Chinese,’ such as landowners, merchants, and compradors, moved to Shanghai in the 19th Century, seeking prosperity or to pursue a life of comfort matched with urban

---


97 Marie-Claire Bergère, 1989, 29. In contrast to China’s weak state, the ravage of civil wars, and the nature of catastrophes in inland China, Shanghai’s modernization, economic boom, mixed races, and its political stability, made the city a metropolis, that was closer to the colonial cities such as Hong Kong and Singapore at the time than the rural Chinese inland.

98 Perry, 1993, 17.
excitement. When the Taiping Rebels took over the treaty port of Ningbo, local notables flocked to Shanghai. They gradually formed the so-called Ningbo clique that later dominated Shanghai’s financial sectors. Many of these immigrants invested in various modern industrial sectors and became bankers, industrialists, and capitalists, or coordinated with foreign taipans working in foreign firms as compradors. They either adopted the practices of modern industry or incorporated themselves into colonial capitalism by taking the advantage of the city’s commercial vigour.

Over time, the financial resources brought by new Chinese industrialists helped to accelerate the modernization of the city. In addition, well off Chinese celebrities, including the late Imperial Qing’s aristocrats and retired officials, warlords, and high-ranking politicians of the Nationalist regime, all brought their fortunes and retreated to Shanghai, enjoying a life of luxury with modern amenities and entertainment. Most of these Chinese notables lived in the French Concession’s beautiful leafy western villas, or the so-called garden alleyway houses (huayuan lilong) in the west end of the International Settlement. Given China’s on going political conflicts with colonial powers, and its civil wars, Shanghai became a place for politicians and rebels alike “to be a comfortable exile…free of responsibilities and concerns,”99 until the settlements were abolished in 1943. In Shanghai, there were more well-educated professionals than other Chinese cities. Most of these professionals had university degrees or had studied overseas; they were typically employed or self-employed as doctors of western medicine, executive managers, accountants, investment banker, lawyers, and engineers alike.100 They became increasingly distinctive from the traditional Chinese social gentry. In early 20th Century Shanghai a new class of urban bourgeoisie was gradually formed.

In addition to a growing Chinese bourgeoisie, Shanghai was a dreamland for working class immigrants from other provinces. Skilled workers, along with an increasing flow of peasant men and women, swarmed to Shanghai looking for job opportunities in the city’s fast-growing industries, such as textile mills and shipyards. For example, in the first decade after Shanghai became an open treaty port, tens of thousands

99 Lu, 1999, 56.
100 Ibid., 58.
of seamen and shipyard workers from Guangdong headed to Shanghai to work in new foreign owned businesses.\textsuperscript{101} For example, skilled artisans from Jiangnan (South China) tended to command stable and high-paying jobs, while poor peasants from the Northern provinces, with little skill to sell, would settle as peddlers, rickshaw pullers, dockers, silk reeulers, cotton spinners, domestic servants and the like.\textsuperscript{102} In addition, local associations were significant establishments that provided employment opportunities and welfare for immigrant workers’ communities. For example, Guangdong and Ningbo guilds had extensive networks to help new immigrants. However, there was no guild to support immigrants from the Northern provinces. To compensate, they formed informal native-place gangs to express their solidarities and sense of community. Many destitute peasants were recruited by gangster labour contractors and they joined the Green Gang and similar organizations for protection. Well paid skilled workers could afford to live in the alleyway houses, while newly-arriving peasants typically moved to a growing overcrowded and unsanitary, shantytown. The living condition of the squatters reflected the dark side of Shanghai. There were close to 1 million people living in the shantytowns on the outskirts of the city in the 1930s, when Shanghai had an overall 3.5 million population. The squatter community was often built using materials from old boats as well as reed mats or straw. A steady supply of running water and electricity in the shantytown was unthinkable. Residents of the shantytowns made up the lowest rungs on Shanghai’s social ladder.

‘Petty urbanites’ - ‘a lower middle-class’ - stood between the city’s most privileged classes and the urban poor. According to Lu, ‘petty urbanites’ made up the majority of population (about 40%) in Shanghai during the Nanjing Decade.\textsuperscript{103} This was a highly stratified social group, which included office workers, clerks, retail assistants, and industrial workers. Many of the ‘petty urbanites’ worked in the modern sectors of the city – commercial corporations, department stores, hotels, and modern factories. This group of ‘petty urbanites’ tended to live in the rooms, or compartments, of the most

\textsuperscript{101} Perry, 1993, 26-27.
\textsuperscript{102} Ibid., 27.
\textsuperscript{103} Lu, 1999, 61.
common form of residence in Shanghai, known as Shikumen (stone-framed gate) houses. By the early 20th Century, Shikumen neighbourhoods were virtually everywhere in Shanghai. Stable incomes allowed the residents to adopt a comfortable urban lifestyle – taking tramways and rickshaws, going to theatres, restaurants, taking a stroll in the public parks, or watching races in the Shanghai Race Meeting.

While Shanghai’s openness applied to all nationalities, those who spoke colonial languages were particularly welcomed. ‘Shanghaianders’ (what westerners called themselves) were the masters of the city despite the fact that the foreign population never exceeded 3% at any time throughout Shanghai’s semi-colonial history. In Shanghai, the term ‘extraterritoriality’ defined westerners’ prestigious status. ‘Extraterritoriality’ meant that foreign nations, which signed the ‘unequal treaties of favoured nation’ with China, acquired exclusive jurisdiction in both civil and criminal matters and had their national courts or Consular courts set up in Shanghai. In other words, the citizens of the ‘favoured nations’ who resided in Shanghai were virtually free from Chinese jurisdiction and subject to the exercise of extraterritorial privileges and rights. By the early 20th Century, there were 14 ‘favoured nations’ including the United States, Britain, France, Italy, Belgium, Denmark, Netherlands, Norway, Spain, Sweden, Switzerland, Portugal, Brazil, and Japan.

Magnates, traders, freebooters, and even mercenaries all came Shanghai to ‘get rich fast’ under the protection of the colonial powers represented by their mother nations. According to a census conducted in 1915, among the foreign residents, more than 30 nations were represented in the International Settlement and the French Concession combined. Seeking quick fortune was their major goal in Shanghai. For example, a British merchant of the late 19th Century, Charles Dyce, acknowledged that “Commerce was the beginning, the middle, and the end of our life in China – that is to say, that if

---

104 According to Stella Dong, there were a considerable number of Western mercenaries made their way to Shanghai and were hired as bodyguards or armed escorts to protect foreign merchants’ property and goods. Some of them sold guns from foreign arms dealers to Chinese imperial forces or to the Taipings. Stella Dong, Shanghai: the Rise and Fall of a Decadent City. New York: William Morrow, 2000, 17.

105 Pott, 1973, 211.
there was no trade, not a single man, except missionaries could have come here at all.\textsuperscript{106}

The devoted subjects of the British Empire in the opium trade, such as Jardine, Matheson, Dent & Co., and the American trader Russell & Co. were among the first traders to open offices in Shanghai. Besides these princely hongs, the prominent British-Jewish taipans, such as Sassons, Ezras, Solomons, Kadoories, and Hardoons were also great trading names in Shanghai. These companies made enormous fortunes from real estate speculation, and the opium, tea, and cotton trades, and their owners and managers became the most powerful Shanghailanders.

Although Shanghai was a mixed settlement of Chinese and foreign residents, most of the westerners lived a separate life from the Chinese. Just as in Britain's colonies in Africa and India, westerners had limited contact with natives. The foreign community was a socially exclusive enclave. In many instances, Chinese servants and compradors were the only Chinese that Shanghailanders needed to communicate with in their day-to-day lives in the settlements. For instance, most of the westerners, who resided in Shanghai, had Chinese 'boys' to take care of daily household chores. Foreign merchants hired compradors, -- Chinese businessmen who had knowledge of English -- as middle-men to handle the Chinese end of business. Shanghailanders typically refused to learn the Chinese language, and used disdainful Pidgin English\textsuperscript{107} to communicate with Chinese 'boys' and compradors. Positioning themselves as superior 'conquerors,' westerners in Shanghai typically regarded Chinese as "morally and mentally inferior people."\textsuperscript{108} For example in the view of an American missionary, Elijah Bridgman, Chinese were 'barbarians,' a term, ironically, that the Chinese used to refer to foreigners. According to Bridgman, "one thing is certain – the minds of this people must be remolded and their manners reformed for as yet they are but half civilized."\textsuperscript{109}

\textsuperscript{106} Quoted by Stella Dong in \textit{Shanghai}, 2000, 19.

\textsuperscript{107} Pidgin English, originated in Canton in the early period of China trade. It was later widely used in other treaty ports and Hong Kong. It mixed up English, Chinese, Indian, and Portuguese words, and consisted of phrases adapted from Chinese pronunciation, intonation, grammar. When foreigners made contact with Chinese, they insisted in speaking Pidgin English, as they determined that Chinese tongue did not properly pronounce elegant English. Ibid., 32.

\textsuperscript{108} Ibid., 31.

\textsuperscript{109} Ibid., 32.
Not every foreigner was indulged as much as the Shanghailander. Shanghai was also a city where western refugees came to escape from political cataclysm. When the October Revolution in Russia began in 1917, Shanghai witnessed waves of White Russian refugees coming from the north. It was estimated about 25,000 to 50,000. White Russian men and women arrived in Shanghai, fleeing from Bolshevism and the subsequent bloody civil war. During the 1920s and 1930s, Russian emigrants set up their homes in the French Concession. Many ran small businesses, such as bakeries, restaurants, vodka distilleries, auto-repair shops, clothing stores, and little kiosks. This Russian diaspora found the city their safety shelter, but they were low in Shanghai’s social hierarchy. Shanghai’s white ruling circle, led by British, American, and French officials, diplomats, missionaries, and prominent taipans, excluded the Russian community from major diplomatic and social functions. Nevertheless, White Russian emigrants were viewed as superior to Chinese residents in the settlements, according to the racial hierarchy defined by Shanghai’s colonial authority. Russian immigrants who had professional and language (English or French) skills were sometimes lucky enough to be hired by the Municipal body or were employed by the foreign trading houses. Their wages tended to be lower than other foreign employees, but were higher than Chinese staff in general. In addition, a large number of Russian men successfully replaced Chinese workers in the modern factories during the Chinese labour strike in 1925. It was also not uncommon that Russian men who had military background found employment as guards, watchmen, or bodyguards for foreign institutions, merchants, or well-to-do Chinese. As Shanghai’s Russian community took shape, they referred to their area of residency as the ‘Russian Refugee’s Colony.’ But, life in the community could be hard. For example, poor job opportunities for women drove a sizable number of Russian young women to become ‘hostesses’ in Shanghai’s colourful night-clubs.

Statistics conducted by the League of Nations Travelling Commission of Enquiry into

112 Ibid., 86.
113 Ibid., 45.
114 Ibid., 86-87.
Traffic in Women and Children in the East in 1935 showed that approximately 22.5% of Russian women in Shanghai were involved in prostitution.\textsuperscript{115}

In addition to Russian immigrants, the rise of Nazism in Europe during the 1930s brought waves of Jewish refugee to Shanghai. Western countries kept rigid restrictions and quotas on immigration, so Shanghai became an alternative destination for global refugees. By contrast, Shanghai permitted entrance without asking for a passport, visa, affidavit, or certificate of guarantee. Stateless Jews mainly from Germany, Austria, and Czechoslovakia found Shanghai a safe heaven for a temporary sojourn.\textsuperscript{116} During the war, six Jewish Refugee camps, in Japanese controlled Hongkou, housed more than 20,000 Jews, who relied upon financial and material support from organizations such as the American Jewish Joint Distribution Committee and local Jewish relief organizations.\textsuperscript{117} Those Jews who had better economic circumstance, or who had relatives in Shanghai, rented spaces or stayed with relatives in other areas of the settlement. Like the Russians before them, most of the Jewish refugees did not enjoy extraterritorial privilege in Shanghai.\textsuperscript{118} However, in 1941, Jewish leaders formed the Arbitration Court of the Judische Gemeinde to serve the interests of the Jewish refugee communities.\textsuperscript{119} This action directly infringed the jurisdiction of Chinese law and added yet another diverse zone of political administration in the city.

Western residents of Shanghai used to call the city a 'paradise for adventurers.' This represented Shanghai as a legendary frontier of great risks matched with great opportunities. There was no shortage of legends about successful adventurers in Shanghai. For instance, a British man, Nile Malher, arrived in Shanghai penniless in

\textsuperscript{115} Ibid., 94.
\textsuperscript{116} Ibid., 133.
\textsuperscript{117} The American Jewish Joint Distribution operated similar programs in Paris and Amsterdam. The local relief programs led by the powerful Ashkenazi and Sephardi leaders included Committee for Assistance of European Refugees, International Committee for Granting Relief to European Refugees, and the Relief society for German-Austrian Jews (also known as Komor Committee). Ibid., 104-5, 124.
\textsuperscript{118} Russian, Germany, Austria, and Hungary had their nations represented in Shanghai, but these nations were not granted extraterritorial right as 'Favoured Nations.' Germany's extraterritorial right had relinquished after the World War I.
\textsuperscript{119} Renders Ristaino, 2001, 135.
1919; but he made money from prizes won in horse and dog races. He then invested in shipping and owned his own successful business within a few years.

It is, of course, necessary to separate the legend from reality in such stories. The view of Shanghai as a ‘paradise for adventurers’ betrayed colonial prejudices. Westerners were ‘adventurers,’ because Shanghai, like all other places in the Orient, was “defeated and distant” as well as mysteriously dangerous. This remote geography seemed so exotic and irrationally unpredictable that it required the adventurers’ ‘civilized’ efforts to conquer, explore, and to tame the wilderness. The colonial dimensions of this discourse are self-evident. To come to Shanghai, for risk and adventure was possible because of one’s mother nation’s imperial power. As indicated above, even Russian and Jewish refugees, who were not granted ‘extraterritorial rights,’ represented higher social status in western eyes than Chinese. As ‘adventurers’ in the ‘paradise,’ they could almost do whatever they pleased.

Shanghai’s Changing Semi-colonial Landscape

By the 1930s, Shanghai was the fifth or sixth largest city in the world. It was a cosmopolitan, modern city where western novelties appeared soon after they were introduced in the West. The city’s architecture reflected its accelerating modernization. Notably, the building of modern skyscrapers in Shanghai drew immediate worldwide attention and underlined western perceptions of the city as ‘the Paris of the Orient.’ So it is not surprising that Shanghai’s modernization, viewed as an expression of westernization, became the main theme in the growing body of literature on the city’s colonial period. The comparative impact of colonialism was under researched, though the city’s modernization was a distinctive collage of western and eastern influences. The question posed by the ‘Paris/New York of the Orient’ label is why these western cities came to describe Shanghai? What role did colonialism play in transforming Shanghai into an early 20th Century ‘world city?’ What was the spatial outcome of colonization in Shanghai and what role did the western discourse of modernization play in popular

---

121 Ibid., 169.
representations of the city? To answer these questions, one has to conceptualize colonialism as both a political-economic process and an ideological process.  

First, and foremost, I want to argue that colonization and westernization found dramatic physical and spatial expression in the built environment. The introduction of western-style streets, gaslights, electricity, telephones, running water, automobiles, western aesthetic forms in architecture, railroads, and public parks, manifested the instruments of western colonial power. In contrast to the material condition of the traditional Chinese urban geography, Shanghai’s ‘advanced’ urbanities fully embraced the spatial logic of modernization, technological innovation, and industrialization, all of which acted as markers of the superiority of imperial geography. On this point, Anthony D. King has noted how “physical and spatial urban forms actually constitute as well as represent much of social and cultural existence.”123 Given Shanghai’s status as a treaty port (not a full-blown colony) and the presence of multiple colonial powers, arrayed against the chaotic background of Chinese civil wars, Shanghai’s built environment elaborated a far more intricate spatial and social geography than a typical colony dominated by a single imperial power.

The Bund

A good place to begin to investigate this spatial and social geography is the Bund (Waitan).124 The Bund, located in the International Settlement, along the bank of Huangpu River just south of Suzhou Creek,125 was the flamboyant operational hub of the Western Imperialism. It was where the first council building (1843) and foreign firm (1846) were erected. Its magnificent western skyline was the first vista of the port city that foreign travellers saw as they approached Shanghai from the Huangpu River. In the

125 As for conventional understanding, the Bund begins at Edward VII Avenue (now Yan’an Road) in the south and ends at Garden Bridge (now Waibaidu Bridge) in the north, which across Suzhou Creek.
1930s, the Bund housed 500 buildings. Each building boasted distinctive aesthetic forms with connections to western imperialism's economic encroachment in Shanghai. The pervasive presence of colonial domination over the built environment was characterized by a mile parade of key imperial institutions, the government houses, the council or assembly buildings, imperial bank buildings, headquarters of hongs, and recreational and housing spaces for the expatriate bureaucracy and taipans. All of these buildings drew on western rather than eastern architectural styles. The Bund was thus the choicest site in the foreign settlements. The leading imperial institutions all struggled to locate headquarters in the Bund's famous landscape.

The Bund had long been perceived as a civil achievement of colonial rule by its expatriate residents, even as it was alienated from its Chinese context. C.E. Darwent’s 1920 guidebook to Shanghai described the Bund as “one of the most interesting, famous and handsome thorough fares in the world...We should not have been able to boast that our Bund is one of the handsome streets in the world.” As the case in other colonial cities, the Bund's imperial edifices and their transplanted architectural forms helped to arouse a sense of 'identity' for its expatriate elite. Famous British ballerina Margot Fonteyn, who moved to the port city in the late 1920s, wrote her first impression of the Bund, when she arrived in Shanghai with her parents:

There was the famous Bund lying a few hundred yards in front of us. As I look at this waterfront of sedate banks and turn-of-the-century commercial buildings. I suddenly felt a comfortable sense of familiarity. But China looks much more like England than America did!  

Darwent introduced Shanghai to his western readers by calling the Bund “our” creation. Similarly, Margot Fonteyn’s compelling feeling of “familiarity” on viewing Shanghai was far from naive. By drawing comparison between London and Shanghai, her words

---


revealed the deep spatial connection between the imperial metropolis and the semi-colonial Asian city. The beauty of the Bund held deeper political meanings.

Prominent among the Bund’s magnificent edifices were the Shanghai Club, Ewo (Jardine, Matheson) Building, the Sassoon House, the Hong Kong and Shanghai Bank, the Customs House, and the Bank of China. Every building boasted its own architectural significance. For example, the home of the Shanghai Club, rebuilt in 1908, was a five-storey English Renaissance-style edifice with elegant white colossal pillars. The Club featured a billiard room, bowling room, library, restaurant, bar, and guest rooms to entertain its all-male members. Its facility and service were said to be on par with the best club in London. Its celebrated gleaming mahogany-panelled Long Bar was “supposed to be the longest bar in the world.”

The Club was the bastion of Shanghai’s power-holders and its members consisted mainly of English taipans, executives of hongs, and diplomats. Chinese, no matter how rich, were not admitted.

Ewo Building at the southwest corner of the Bund and Peking Road and the Sassoon House at Nanking Road were two striking landmarks of foreign entrepreneurship. James Matheson, co-founder of the ‘Princely Hong’ Jardine, Matheson, and a member of the British Parliament, played a pivotal role in the Opium War against China. With Matheson’s connections the firm was able to open a branch in Shanghai, in 1844, immediately after the Treaty of Nanking. Ewo (meaning pleasant harmony) became the Chinese name of Jardine, Matheson. The firm dominated trade as well as industries in Shanghai, such as opium, shipping, railway, and textiles. A new Ewo Building soon replaced the initial one built in 1851. It was a six-storey, granite-faced, Renaissance-style building that signified the firm’s wealth and power.

Sassoon House, the tallest building on the Bund, belonged to E. D. Sassoon & Co.’s Victor Alice Sassoon. The Sassoons, British citizens of a Baghdad Jewish family, who arrived in Shanghai in 1844, established Shanghai as a foothold for their trading dynasty. It was an empire that stretched from London, Bombay, Shanghai, and Hong

128 Darwent, 1973, 143.
129 The firm was founded by William Jardine and James Matheson in Canton in 1832. William Jardine died in 1840.
The Sassoon House was a nine-storey structure topped by a two-storey green pyramid in a square tower. The building housed not only the headquarters of the E. D. Sassoon & Co. but also the legendary Cathay Hotel. The Cathay was renowned for its extravagant multicultural suites, which were decorated in Chinese-, Japanese-, Indian-, Spanish-, German-, French-, American-, and English-styles. The hotel’s cosmopolitan clientele included Charlie Chaplin, Noel Coward, and Vicki Baum.

The monumental Customs House (Jianghai Daxia) erected in 1928, truly expressed the dominance of colonial power. Occupying three blocks on the Bund, the Customs House was a neo-Grecian-style structure with an imposing Dorian portico entrance, which was surmounted by a four-faced clock tower, known as 'Big Ben.' The Customs House housed the Chinese Maritime Customs Service (CMCS), that was, in name, an arm of Chinese government. However, management of the Customs House was predominantly by the British bureaucracy. For example, the Inspector-General was appointed by the British consuls, and the Customs maintained a London Office to correspond with the British Foreign Affairs Department and to recruit staff. The CMCS’s last English inspector-General, Frederick Maze (1929-43) once described the Customs House as an “unofficial outpost of the Empire.” Although Customs represented an invaluable source of revenue for the Chinese Government, Customs revenues were diversified to pay foreign loans, debts, military expenses, and indemnity payments under terms of the ‘unequal treaties.’ Donna Brunero pointed out, “after 1917,
Customs revenue was placed into foreign banks and only after loan and indemnity payments were met did the Chinese Government receive any surplus.\textsuperscript{138} Equally notable, customs revenues were not deposited in the Chinese state bank. It was the British imperial Hong Kong and Shanghai Bank that was the custodian of the Customs account.\textsuperscript{139} In addition, the Custom House’s foreign senior staff, all employees of the Chinese government, assumed higher social status than those taipans of the trading houses and ranked just lower than diplomats. Chinese staff in Customs House never filled any responsible post higher than a clerk. It was not until 1928, under the pressure coming from the Nationalist Government, that Chinese staffs were promoted to senior positions.\textsuperscript{140}

In her book \textit{Britain's Imperial Cornerstone in China}, Brunero notes how “the CMCS can be located within the context of British informal empire in China. Certainly the Service was a mechanism for foreign influence and interference in China’s affairs.”\textsuperscript{141} The concept of ‘unofficial empire’ noted here needs qualification, of course. What empire can be more ‘formal’ than one that assumes leadership in a nation’s customs house, which account for a major source of national revenues? It is more accurate to view the CMCS as a powerful incarnation of the British Empire. In truth, there was nothing ‘informal’ about it. English writer, Harriet Sergeant, reminds us that: “it is easy to forget that the British never colonized Shanghai as they did Hong Kong.”\textsuperscript{142} However, even semi-colonialism had its formal side, and the Shanghai Customs House was in many ways, illustrative – and not just symbolically – of China’s colonization by the West.

In the ‘golden age’ of western imperial encroachment in China, the world’s major imperial forces all set up banks on the Bund, such as the Russo-Asiatic Bank of Russia,

\textsuperscript{138} Donna Brunero also pointed out that the Customs revenue was supposed to be directed to the Russo-Asiatic Bank, the Dentsch-Asiatische Bank, and the Hong Kong and Shanghai Bank. But “due to faltering international relations in the case of the German bank and national crisis in the case of the Russian bank, all revenue was placed in the Hong Kong and Shanghai Bank, a British-owed financial institution. This further accentuated the extensive dominance the British played in the foreign inspectorate of the Chinese Maritime Customs Service.” Ibid., 31 and 21.

\textsuperscript{139} Ibid., 31.

\textsuperscript{140} Ibid., 16.

\textsuperscript{141} Ibid., 9.

Deutsch-Asiatische Bank of Germany, Banque de L'Indo-Chine of France, and the Yokohama Specie Bank and the Bank of Taiwan of Japan. However, none of the foreign players in China's economy achieved Britain's level of power and influence, and none of the foreign Banks enjoyed the monopoly over China's finance as the British Hong Kong and Shanghai Bank. In the wider context, the imperial banks also played a key role in integrating local financial practices into the western system. The diffusion of the western banking system in Asia is one of the initial points of the long-term development of the western dominated global economy in the 20th Century.

The building next to the Customs House was the massive Hong Kong and Shanghai Bank (known as the Bank), which was founded by a handful of British taipans in Hong Kong in 1865. Its Shanghai branch was erected on the Bund in the same year. The Bank was founded to meet the trading needs of the British merchant community in China and it quickly grew to become the second largest bank in the world, and the biggest bank in the Far East. In 1923 the Bank built a new building designed to signify the prosperity and power of the British Empire. In this sense, the Bank took visualization seriously. The Bank's Chief Manager A. G. Stephen proofed guidelines for the project: "spare no expense, but dominate the Bund." Consequently, the new edifice was renowned by its dignified design using a neo-Grecian-style with an iconic Corinthian-Colummed entrance, and a spectacular surmounted dome. Extravagant décor carried over to the Bank's octagonal entrance hall. The Bank's eight branches, London, Paris, Calcutta, Bangkok, Hong Kong, Shanghai, Tokyo, and New York, were depicted on the each side-panel respectively. Adding to the signature touch of this financial giant were two guardian bronze lions at the front entrance. The display of this pair of the

---

143 In 1919 after the end of the First World War, China Bank of Communication took over the holding of the Deutsch-Asiatische Bank.
144 Another English owned imperial bank, the Chartered Bank, also open its branch on the Bund.
145 This edifice replaced the old three-storeys branch office and became the Bank's headquarters in 1923.
king of beasts became the bank's symbol of financial “protection and security.”\(^\text{148}\) The building's opening ceremony in 1923 was one of the most spectacular events in the commercial world at the time.

More than anything else, the imperial bank represented the stronghold of imperial capitalism in Shanghai. There was an intimate relationship between the development of the British overseas banks and the prosperity of the British Empire. The expansion of imperial power coincided with a frenetic search for markets, resources, labour, and economic exploitation in the global colonial periphery. The penetration of the British Empire’s modern bank system was at the forefront of the empire’s financial encroachment into the colonies. Yet, the viciousness of imperial capitalism was gracefully concealed by a co-called “gentlemanly culture.” As noted by Iain Black, Cain and Hopkins have emphasized the relationship between the Bank and the British Empire:

\[
\ldots \text{the 'gentlemanly capitalists'...played a key informal strategic role in extending and managing the business of empire. It is clear that there was a close partnership between the British Foreign Office and the Bank in managing Britain's financial relationships with China, where 'this special relationship was the product of converging interest and was sealed by a process of osmosis which absorbed the Bank into gentlemanly culture.'}\(^\text{149}\)
\]

As in the case of the Customs House, the Bank and its alleged “gentlemanly culture” must be examined in the context of empire. At its inception in 1866, the Bank was set up by special dispensation from the British Treasury and became involved in managing British government accounts in China. Both the Customs House and the Bank functioned as instruments of British imperialism in China, through which British capitalism effectively intervened in China’s economy. The Customs House deposited all its revenue in the Bank, which was the fund that underwrote the Bank’s various loans to the Chinese government. Before the Central Bank of China assumed the role of the state bank in 1935, the Hong Kong and Shanghai Bank acted as the quasi-state bank of China. The

\(^{148}\) Ibid., 218.

\(^{149}\) Black, 2001, 7.
Bank issued bank notes, sold bond certificates, and set the daily foreign exchange rate for China's financial market.  

In 1937, the Bund witnessed the erection of the Chinese state bank, the Bank of China. Located right next to Sassoon House, the Bank of China was the second tallest building on the Bund, and was just short of the Sassoon House by 26 feet. The original design for the Bank of China called for a 34-floor modern skyscraper. But, this plan was challenged by snobbery. Victor Alice Sassoon argued that no building on the Bund should be taller than his pyramid mansion. The Shanghai Municipal Council, which was controlled by Sassoon's power holding friends, therefore did not approve the original construction plan for the Bank of China skyscrapers, allegedly due to safety concerns. The building that got approved was a reinforced concrete and granite clad square 17-storey edifice. Distinctive from the neo-classical-style, which overwhelmed the imperial buildings on the Bund, the Bank of China bore Chinese-inspired decorative motifs. Chinese character 'longevity' shaped lattice was adorned on each floor panel, and the building was topped by a Chinese-style eaves roof. The dispute over the height of the Bank of China was not only a potent reminder of China's humiliation at the hands of the West. Still, the construction of the first Bank of China building also reflected the ascendancy of Chinese banking industry, and the gradual decline of foreign banks due to the economic setbacks of the First World War in Europe.

Although the existence of imperial banks revealed the economic interests of the West, the introduction of the western modern banking system was an ever more powerful force for modernization in China. The rapid development of modern Chinese industries (which were mostly concentrated in Shanghai) during the First World War subsequently expanded the markets of Chinese banks. In addition, burgeoning Chinese nationalism in the 1920s "resulted in a decline in the influence that the foreign banks could wield in the Chinese financial market" and ushered in the so-called the 'golden age' of Chinese banking.


151 The Sassoon House was 253 feet and the Bank of China was 227 feet.

banking. As in the post-May Fourth Movement (1919) period the national consciousness in China was permeated with thoughts of scientific modernization. In so far as they seemed rational and scientific, the practices of Western-style modern finance, statistics, and accounting became invaluable to Chinese industry. The reputation of the modern banks therefore became associated with the image of rationality, efficiency, and accountability. The modern western banks soon propelled the traditional Chinese banking houses to justify their structures and to adopt new methods that rationally integrated them into financial capitalism. As Shanghai emerged as a financial centre for domestic and international trade and finance in the early 20th Century, a huge cash flow, including nationwide tariff collections, the salt tax, indemnity funds, industrial loads, and international trade bills, remitted to Shanghai for further settlement.\(^{153}\)

In the early 20th Century, Chinese bankers, (who either received financial training in their previous career working in foreign banks as compradors, or were educated overseas) and their professional employees represented a new layer of Shanghai’s urban bourgeoisie, known as ‘upper-class Chinese’ (shangdeng huaren). For example, after its modern reform in 1928, the Bank of China adopted many aspects of gentrified western culture. Located in the far west side of the International Settlement, the Bank of China employee housing compound was constituted by rows of modern three-storey apartment buildings, scenic gardens, pavilions, athletic fields, tennis and basketball courts, and an auditorium. Tennis, races, and hockey games were popular sports in the employee community of the Bank of China.\(^{154}\) Yeh Wen-Hsin has pointed out:

\begin{quote}
Sports and physical excises were emphasized in the corporate compound. Tennis on Sunday mornings was a favourite pastime for many at the head office and the Shanghai Branch...All of these out door activities are associated with a Western style of life available only to the well-to-do – those who could readily muster the spare time, the money, and the cultural capital of such pursuits. They helped form a public image of bank employees as dashing, innovative, and affluent youth with cosmopolitan
\end{quote}


tastes and enhanced the impression that employment with the bank was like membership in an exclusive club.  

Employment in the finance-related modern sectors, such as banking, was glamorous in the mind of Shanghai's petty urbanites. The top three desirable jobs in the city were associated with the city's 'modern sectors.' It was said that working in "a modern Western style bank, in particular, was like being pensioned with a 'golden rice bowl' — an object of even greater envy than the 'silver rice bowl' held by employees of the Maritime Customs Service, and the 'iron rice bowl' held by engineers of the Railroad Bureau under the Ministry of Communications."  

Despite the growth of an indigenous bourgeoisie in Shanghai, few Chinese, even the very wealthy ever took up residence in the Bund. Except for a handful of upper-class Chinese (shangdeng huaren), Chinese presence in the Bund was limited to commuting workers, or to rickshaw pullers and pedicab drivers who would wait at the street corners of the Bund buildings for their customers. In this connection, one cannot help but ask, when C. E. Darwent called it "our Bund," to whom was he referring? Darwent provided a controversial answer in his following passage:

Shanghai owes an incalculable debt to the men of a past generation who fought and won the battle for this freedom of the Bund foreshore from all-devouring commerce... It may be asked, who are the owners or who the owner of the foreshore rights? The public, rather, the Municipal Council holding it for the public.  

By being imperially correct, one clear aim of the Opium War was defined by Darwent as "fighting" for the "freedom of the Bund." But, from a Chinese point of view this "fighting for freedom" was no less than national humiliation and colonization. Darwent, as a respectful Minister of the Union Church in Shanghai, was speaking from a colonial perspective. If the foreign oligarchy who controlled the SMC was holding the Bund for "the public," then no doubt, "the public" was not meant to include Chinese.  

---

155 Ibid., 110.
156 Ibid., 115.
Nanjing Road: The Birth of Spectacular Consumption

In the vicinity of the Bund was the birthplace of Chinese commercial culture, the legendary Nanjing Road (Bubbling Well Road) that extended from the Bund to Tibet Road. Nanjing Road was the busiest street in Shanghai, with a myriad of shops, flows of shoppers, pedestrians, and vehicles. A survey of traffic flow on the intersection of Nanjing Road and the Bund in 1919, showed 145,000 pedestrians, 66,100 rickshaws, 7,700 carts, 5,100 automobiles, 3,200 horse-driven carriages, 1,560 street cars, and over 10,000 bicycles.\(^{158}\) Ernest O. Hauser recorded that “to stroll the length of the Bubbling Well Road was to encounter Shanghai at its most vibrant.”\(^{159}\)

Prior to an economic boom around 1910, Nanjing Road had been the principal retail centre both for the Chinese and foreign communities. The western owned shops occupied the first three blocks (from the Bund westward) of Nanjing Road. They offered foreign imported speciality goods, ranging from clothing, jewellery, furniture, liquor, and beauty products, to camera and appliance shops. There were also upscale European department stores and boutiques, such as Hall & Holtz,\(^{160}\) Weeks & Company, and Land Crawford. A guide-book from the era noted: “Almost anything one cares to purchase in the way of foreign goods may be found in Nanjing Road.”\(^{161}\)

The lower Nanjing Road reflected Chinese commercial life with two-storey, open balcony, teahouses, exquisitely ornamented silver and gold shops, silk and tailor stores, and a variety of necessity shops. As the city evolved into the modern era, Nanjing Road witnessed rapid spatial transformation. Notably, the streetscape changed vertically. New buildings were constructed meant to accompany the western landscape on the Bund. Colourful store banners were replaced by sparkling neon-lights; and the two-storey brick


\(^{160}\) Hall & Holtz was initially a baker shop then expanded into a wide range of business, including provision importer, wine merchants, drapers, jewellers, furniture manufactures, tailors, upholsterers, and furnishers. Ibid., 99.

shops were toppled to erect concrete skyscrapers for modern apartments, hotels, dancing halls, department stores, amusement parks, and office towers.

No word epitomized the atmosphere of Nanjing Road better than the ‘spirit of capitalism.’ While foreigners were busy shopping in Hall & Holtz, or in Land Crawford, Chinese were crowded inside and outside of the ‘Big Four.’ The ‘Big Four Companies’ - the Sincere, Wing On, Xin Xin, and Da Xi Department Stores - were in the process of turning shopping into an experience of spectacular consumption. Together, they were Shanghai’s greatest emporiums and “easily the world’s most entertaining department stores.”162 They made Nanjing Road famous (or notorious) for lavish consumption. The competition in the retail market was so keen that the ‘Big Four’ opened their stores on Nanjing Road within the span of 20 years (1917-1936). They were all founded by Chinese who had experience in running department stores either in Sydney, Hong Kong, or Guangzhou. To appeal to westernized Shanghai dwellers, these four department stores were constructed using western architectural styles. Founded by a Chinese entrepreneur, Yingbiao Ma, in 1917, who had retail experiences in Sydney Australia, ‘Sincere’ was the first department store catering to the tastes of the Chinese upper-class. The store, which was located at the intersection of Nanjing Road and Zhejiang Road, was a four-storey building “with the exteriors in a free English Renaissance style”163 and was topped by a clock and a decorative tower. On the opening day, the store attracted more than 10,000 customers and the store had to employ over 300 sales persons to assist the desperate crowds.164 ‘Wing On’ opened its door in 1918, 10 months after the Sincere and was strategically located opposite the Sincere. Wing On was a magnificent five-storey reinforced concrete structure that grounded an entire block. Its eye catching distinct lintels, Italianate columns, and a French mansard roof, was similar in design to the Jardine House in Hong Kong. Both were commissioned by the same British elite architectural firm, Palmer and Turner, who also designed many western monuments on the Bund including the Hong Kong and Shanghai Bank.

162 Hauser, 1940, 241.
Wing On’s business soon surpassed Sincere and became a landmark of lavish spending in Shanghai. After a decade of domination by Sincere and Wing On, Nanjing Road’s flourishing commercial activities spawned two other new competitors. The newcomers, ‘Xin Xin’ (also known as the Sun Sun) and ‘Da Xin’ (the Sun), had their gala inaugural in 1926 and 1936 respectively. It was certain that these two new establishments were taller and larger than their processors. Xin Xin occupied an entire two blocks and featured a reinforced concrete tower, which rose to a height of 180 feet above the street. It distinguished itself as the first building in Shanghai to install an air-cooling system and “[set] up an in-house broadcasting station, called the Crystal station, to play music and to announce sales and specials.” Da Xin’s was housed in a 12-storey massive modern building. Its exterior adopted an Art Deco-style, the most prominent design of the 1930s, with exuberant ornamental panels and embellishments, inspired by Chinese motifs. In the interior, an escalator was utilized as a spatial promotional gimmick in Da Xin’s grand opening day, the first of its kind in Shanghai. The store advertised its ‘modern’ facility in the popular press and it was reported that thousands of customers poured into Da Xin in order to experience a ride on the escalator.

Given their sheer size, and the wide array of commodities they provided, these new large-scale department stores heralded the arrival of an age of conspicuous consumption in Shanghai. This was entirely new in China except for comparable development in the British colony of Hong Kong. These department stores featured the most up to date fashion and overseas novelty, such as French perfume, cosmetics, ready-to-wear British suits and leather goods, German cameras, American fountain pens, Scotch whiskies, Russian caviar and fur, and domestic manufactured quality goods. They had transformed the shopping experience into something increasingly visual, which involved the use of new spatial strategies to expose and to market commodities. Unlike Chinese traditional stores, which did not put much effort into exhibiting goods, and usually locked the high value goods in the cabinets upstairs, these department stores used gleaming

165 Ibid., 33
166 Jon Huebner, 1988, 225.
glass case displays to attract customers’ attention. The glass windows in the shop front displayed the most fancy wardrobes and accessories of the current season. They would also introduce sets of western furniture, such as elegant Victorian-style cherry wood armchairs, or trendy streamline Art Deco living room sets, to exhibit an accessible dream of western living.

Inside the department store, spending money appeared to be the only rationale operative within the space. With goods openly displayed, meticulously crafted advertisements and the sales announcements were also appropriately posted. Store decoration was festive with colourful balloons and lavish floral arrangements. In this sense, the store strove to put commodities on spectacular display and they become temples of commodity fetishism, where goods seemed to come from the stores themselves, rather than from their original sites of production. In this sense, Shanghai’s department stores became temples of “religious intoxication,” where consumers experienced the rapture of fetishized spectacular consumption.

From western imported goods, and open space modern layouts, to European-style monuments, the Big Four came to legitimate the western model of modern commercial culture. It was paradoxical that in semi-colonial Shanghai, where colonization often appeared to be less oppressive than usual, that westernization often connoted modernization rather than colonization. This was also due to the fact that the chief goal of immigrants to Shanghai was to pursue political stability and economic prosperity under the protection of foreign powers. In other words, immigrants to Shanghai were largely willing subjects of semi-colonization. This ambivalent situation was further complicated by the May Fourth Movement, which advocated westernization to modernize China. Thus, in this context, Shanghai’s residents, no matter poor or rich, widely perceived the western presence as a sign of modernization, and were often caught up in self-congratulation that Shanghai was a modern cosmopolitan city.

The history of Nanjing Road demonstrates the ways in which Chinese firms aggressively embraced western forms and practices of doing business. In the shops on

\[168\] Ibid., 34.
Nanjing Road, colonial prejudice may not have been evident on the surface in shops run by Chinese, but class and racial exclusion found its spatial expression nonetheless. While modern department stores came to satisfy the craving for western-style goods by the upper and middle-classes, the spectacle of consumption masked the existence of Shanghai’s vast underclass. For example, it was common to see rickshaw pullers waiting outside of the stores for their clients or masters. During 1930s, these rickshaw pullers earned as little as $1.5(Ch) a day, compared with a lipstick sold in the department store that cost $5 (Ch).

The Race Track in Shanghai

Planned or designed by imperial authorities and architectural firms, Shanghai’s western public spaces and entertainment venues, such as the race course, public parks, movie theatres, and cabarets, also privileged the imperial class and economic elite. For example, located in the far end of the bustling Nanjing Road was another prominent unofficial imperial institution, the Shanghai Race Club. Instead of conventionally situated in the remote countryside, the British taipans built a race course in the heart of the commercial centre to ensure “the neighbourhood and the [Race Club] a settled future.”\(^{169}\) The future proved to be financially prosperous. The Club’s desirable location was surrounded by the most expensive real estate owned by the city’s leading magnates, as the land value of the adjoining areas of the Bund and Nanjing Road were the highest in Shanghai. The Shanghai Race Club was rebuilt three times. The last establishment in 1933 included a landmark-imposing tower and was able to admit more than 20,000 spectators. Its splendidly ornate grand stand featured a dining room, ballroom, billiards room, and bowling room. The Club also featured a 66-acre English country-style scenic race course whose, “turf was described as smooth as a billiard table.”\(^{170}\) It was said that the Club “was the most sumptuous of any such club in the world.”\(^{171}\)

\(^{169}\) Austin Coates, *China Races*, Hong Kong: Oxford University Press, 1983, 42.
\(^{170}\) Ibid., 249.
\(^{171}\) Ibid., 245.
Racing was a privileged colonial sport that was exclusively reserved for foreigners. As was the case of other British colonial cities, racing was initially introduced to the Settlement to meet the leisure needs of the wealthy Shanghailanders. Every taipan had a passion for racing and they usually owned the best Chinese ponies in their stables. Victor Sassoon, once said that "there is only one race greater than the Jews, and that's the Derby."172 The Shanghai Race Club was founded by Jardine, Matheson's and Dent's taipans in 1862 and it adopted a restrictive entrance policy at the member of its formation. No matter how wealthy or powerful, Chinese were not allowed to be the members of the Shanghai Race Club and not allowed to enter horses in races, or to ride them. In addition, Chinese were not allowed on the grounds of the Club, except on race days. Frederic Wakeman has reported that: "Although other non-whites, such as black, Koreans and Indians, could enter the grounds and stroll through them, Chinese were forcibly kept out by guards – except for the race days."173

Nevertheless, Chinese were intrigued by racing. For example, over 10,000 Chinese watched the Spring Race Meetings as early as in 1861, when the total population of the two settlements was just half a million. While Chinese could not enter horses in races they were certainly allowed to bet. The Race Club welcomed Chinese betting money. Chinese patrons could purchase tickets (ranging from one to five dollars) to bet and Chinese spectators' participation in horse racing was ardent. Emily Hahn, the New Yorker's correspondent in China during the 1930s, wrote in her partial autobiography *China to Me*:

There is nothing like it in the world, except other race days in other parts of China. How they love it! They love any kind of gambling, and this kind more than anything else. Everybody was dressed up: everybody went around looking up at the grandstanding and showing himself off...The shops all closed on the opening day of the racing season; so did the banks. Nobody dreamed of working.174

172 Stella Dong, 2000, 220.
In 1929, *China Weekly Review* revealed that 95% of the Shanghai Race Club’s revenues came from Chinese clientele.\(^{175}\) By the end of the First World War, Shanghai Race Meetings had become the biggest and most profitable races in Asia. Austin Coates pointed out that: “the Shanghai Race course by this time was an arena of money on a scale which not even Calcutta, capital of the India Empire and seat of the Viceroy, could equal.”\(^{176}\) This assertion was not exaggerated. It was also said that:

the Shanghai Race Club was ... the wealthiest foreign corporation in China except for one or two banks and shipping companies. Taking 20 to 25 percent of the money bet on the big “sweeps,” the club’s percentage from the four-day autumn meeting along yielded $250,000. The net profits from those grosses, invested over the years, had enabled the club to acquire lands and buildings valued at many millions of dollars.\(^{177}\)

**The Modern Movie Houses**

Movie houses entered Shanghai’s urban space and soon became an emblem of westernization. Modern cinema arrived in Shanghai in 1896 when it was still a fresh invention, only a few months after Lumiere’s screening in Paris. Not long after that, Shanghai witnessed a huge growth of interest in movie going and theatre houses became major public venues for entertainment, in both foreign settlements and the Chinese quarter. As Yingjin Zhang notes the exhibition system was hierarchically class-based and reflected the spatial structure of colonial power relations:

Cinemas showing xipian [new released films], or Western films (predominantly from Hollywood), whether first- or second-run, were grander and more prestigious than their counterparts devoted to Chinese pictures.\(^{178}\)

\(^{175}\) Wakeman, 1995, 99.

\(^{176}\) Coates, 1983, 116-117.

\(^{177}\) Ibid., 99. Lured by the massive profit return from race betting and derived from a desire that Chinese needed their own race club, Chinese investors came to form the International Recreation Club and Chinese Jockey Club outside the settlements.

The first-run premier theatres, which usually screened Western films, were located in Nanjing Road in the downtown of the International Settlement, or in Avenue Joffre in the French concession. The “marginal houses were tucked away in the lower class neighbourhoods in the Chinese areas.” Since cinema was a symbolic marker of an allegedly superior Western culture, many of Shanghai’s movie houses bore “colonial sounding names,” such as the Cathy, Capitol, Carlton, Empire, Grand (Daguanming), Lindo, Majestic, Ordon, Paris, Rialto, and Roxy Theatre. The sumptuous premier movie houses boasted sleek Art Deco design and modern facilities. For example, Leo Ou-Fan Lee noted the:

... newly renovated air-conditioned Grand Theatre (Daguanming) in 1933, [was] designed by the Czech architect Ladislaus Hudec, complete with two thousand sofa-style seats (all equipped in 1933 with earphones – yiyifon, or what a local English newspaper called “Sino-phone” – for simultaneous translation), a spacious Art Deco lobby, three fountains, a huge neon-lit marquee, and restrooms painted light green.¹⁸¹

Theatres that showed the second-run or the third-run Western films and Chinese productions were not as luxurious as the premier theatres, without air-cooling, heating facilities, rich décor, or plush seats. Still, these theatres typically drew crowds to full houses, as the ticket price was relatively cheaper. The range of a movie ticket price from the first-run premier theatres to the second and third-run theatres was between Ch $3 dollars to 20 cents (US $1 to Ch $0.07) in 1930.¹⁸² Compare this to Ch $30.00 for a working class family’s average monthly income.¹⁸³ The cost of attending premier movie houses was almost unthinkable for the majority of Shanghai’s citizens.

The emergence of movie houses as a symbolic modern edifice in Shanghai must be examined in the context of the growing significance of the American Empire.

¹⁷⁹ Ibid., 33.
¹⁸¹ Ibid., 84.
¹⁸² Ibid., 83.
¹⁸³ Lu, 1999, 137.
American’s unofficial Empire manifested itself in the popularity of Hollywood films. The major Hollywood film corporations had set up distribution offices in Shanghai early in the 20th Century. During the golden age of silent films, Chinese movie theatres were overwhelmingly dominated by Hollywood productions, like other places in the world. 184 Shanghai’s five elite movie theatres, controlled by Chinese tycoon He Tingran and banker Zhu Boquan’s Asia Theatre Group, 185 signed an exclusive contract with Hollywood studios to show their pictures. Movie going, especially for the western films, “became the epitome of the glamour, sophistication, and cosmopolitanism” 186 among shangdeng huaren (upper-class Chinese). It was also highly regarded as a source of westernization. On the premier days of the Hollywood films, elite of foreign community and the westernized Chinese, attired themselves in suits or in full evening dresses. The zest of the crowd was no less than that evident at Shanghai Race Meetings.

It was not until the cinematic innovation of ‘talkies,’ and the first Chinese sound film produced in 1931, that Chinese cinema began to take shape. 187 During the 1930s, a Shanghai film industry was flourishing. Its wartime success and market expansion won Shanghai a reputation of ‘Hollywood of the Orient,’ with full-fledged filmmakers, well-known movie stars, well organized distribution networks across the nation, and leading film studios, such as Mingxing (Star), Xinhua (New China), and Lianlua (United China) Film Production. While the older Chinese generation still enjoyed performances of traditional opera and theatrical plays, 188 the younger urban Chinese preferred the realist representations offered by cinema. By the end of the 1930s, modern movie houses had

185 Zhang, 1999, 36. The Asia Theatre Group was a Delaware-registered corporation. The company controlled Grand, Cathy, Metropolis, and Roxy theatres.
186 Ibid., 36.
187 Ibid., 187.
188 The representation of the Chinese traditional opera, puppet and shadow plays are perhaps the most common visual amusement which forms a vital part of leisure life in Chinese history. Chinese opera, with various local traditions, adopting symbolic setting, make up, costume, gesture and lyric song, represents theatrical spectacle on the stage. The puppet and shadow plays were flourishing popular entertainment as well. Zhong Dafeng and Zhen Zhang claim that the Chinese theatrical play (especially shadow play) was the “kernel of Chinese cinematic experience.” Before the rise of the movie houses, Chinese tea houses and opera theatres were the major source of spectacle. They provided highly skillful mode of performance, visual stimulation and imagination. From the perspective of image driven culture, the Chinese theatrical plays and stage drama were the primitive form of spectacle that has historically linked to the political economy of visual consumption in China. Zhang, 1999, 34.
grown in numbers past more ‘traditional’ leisure venues, such as opera houses and theatrical tea houses in Shanghai.

**Dancing Halls and Cabarets: The ‘Vices’ of the ‘Paris of the Orient’**

Like movie houses, dance halls and *cabarets* began to emerge in Shanghai’s infamous ‘shili yangchang’ (10-mile western zone) by the late 1920s. They were soon identified as the most vivid images of Shanghai’s exciting, yet decadent nightlife. Although western-style social dancing originated from Shanghai’s expatriate community, by the end of the 1930s, western dancing had become a popular leisure activity, although with distinctive Chinese characteristics.

European social dancing such as Waltz, Lancers, and Quadrille, as the case of racing, bore colonial authenticity in the early years of the treaty port. Andrew David Field has pointed out that the events of social dancing embodied the cultural superiority of Shanghai’s plutocratic ruling class. The colonial authorities and taipans held grand balls in their private mansions to “[promote] elite values such as charity, hospitality, civility, reciprocity, honour, and valour to their counterparts in China.”189 Dancing events were also held in the town’s most expensive hotels, such as Cathy, Majestic, and Astor House Hotel on Nanjing Road. Exclusive ballroom dancing offered a glamorous and excited social life for Shanghai’s well-wheeled white residents and sojourners.

However, Chinese urban youth quickly learned the steps of dancing. For a very small circle of the Chinese elite, (often western educated) who had the opportunities to set foot in the ballrooms in the late 1910s, social dancing was viewed as a trendy statement of westernization, civilization, and was given an “erotic identity.”190 However, for the mass of the Chinese urban population, western dancing was perceived as an indication of immorality and decadence. As Shanghai continued to ‘modernize’ during the 1920s, the rapidly ascending popularity of Hollywood films, promoted American jazz culture, tango, and the fox-trot. These informal and inclusive dance forms soon

---

190 Ibid., 3.
dominated the dance programs in the city's posh ballrooms and nightclubs. The relatively relaxed and inclusive atmosphere of jazz outstripped the formal and majestic Waltz.

There was a subtle political meaning behind this shift. Like the domination of Hollywood cinema, and the prevalence of Art Déco design in the city's entertainment edifices (in contrast to the neo-classical-style imperial institutions which dominated the Bund), the rising American nightclub culture, and the popularity of jazz dancing was the consequence of a buoyant American capitalism surging to become a stronger imperial power in Asia-Pacific nations after the First World War. This was accompanied by a relative decline in older European imperial influences.

Within a decade, western social dancing had quickly spread to the Chinese masses. Chinese entrepreneurs speculated in the growing dancing hall industry and rushed to build cabarets to cater to the Chinese clientele of all classes. The first Chinese cabaret – The Moon Palace – opened its door in 1928. Soon afterwards, the city saw a full dance hall boom.\(^{191}\) Paramount, Ciro's, Canidrome, and Metropole Garden provided their lavish décor and western amenities, while Yangzi, Victory, Great Way, and ABC gained popularity with the installation of air conditioning. Facing fierce competition, the Black Cat, Peach Blossom Palace, and the Great Eastern provided western cuisine and jazz bands to cater to the westernized Chinese intelligentsia.\(^{192}\) The Majestic Hotel, which was famous for afternoon dancing and ballroom dancing in the 1920s, opened a cabaret in the 1930s. It posted an advertisement in an English version Shanghai guidebook: “The largest Cabaret in Shanghai—is the Majestic Café. Your stay in Shanghai will be incomplete unless you visit the majestic CAFÉ.”\(^{193}\) Virtually, every Chinese major entertainment venue, including the ‘Big Four Companies,’ the Great World (Da Shijie)\(^{194}\) and the New World, opened their dance halls or nightclubs during the Nanjing Decade. The dance hall effectively colonized a majority of older leisure spaces. On the façade, the

---

\(^{191}\) Ibid., 94.

\(^{192}\) Ibid., 85.

\(^{193}\) All About Shanghai. 1983, 78.

\(^{194}\) The Great World was a modern amusement centre originally built by a Chinese medicine millionaire Huang Chijiu for common folks.
multi-coloured, beaming, and constantly flashing neon lights of the dancing venues represented the most seductive spatial expression of Shanghai's changing landscape in the early 20th Century. Frederic Wakeman has noted, for example, that:

The International Settlement was incandescent at night, "a vast crucible of electric flame," its new 20-story skyscrapers anchored to rafts of concrete that floated on long pilings in the alluvial mud below. The red neon lights along Nanking Road illuminated a new urban landscape of grand hotels and huge commercial palaces (the Hong Kong and Shanghai Bank building on the Bund was the second largest bank house in the world at the time) that altered the cultural loves of its foreign inhabitants. Novel forms of night life appeared: "Cabarets, nightclubs, Chinese sing-song houses, Japanese geisha houses, gambling houses and brothels...packed with polyglot pleasure-seekers."195

As this occurred, Shanghai's nightlife acquired a global reputation associated with hedonism and vice. Prostitution, opium, drinking, gambling, and gangsters were often tied in with dance hall establishments. In the 1930s, the rise of 'fly-by-night dancing schools' - which were "little more than glorified brothels"196 - worsened the public image of the dance hall.

Dancing hostesses were central to the Chinese cabaret industry. The nightclubs that catered to foreign clientele were dominated by Russian hostesses. Chinese hostesses were employed in Chinese cabarets. There were also numerous dancing schools for girls to learn dancing steps, and there were several agencies recruiting countryside girls to work in cabaret. The emergence of Chinese hostesses occurred at a time when Chinese society was desperately throwing away the old shackles of Confucianism and embracing 'modern' values inspired by western thought. In this context, a new image of 'modern' women was developing. Indeed, dancing hostesses earned a decent income. A popular hostess, who worked five hours a day (with 10 dances per hour) earned an $8.5 (Ch) daily salary in 1930. Average monthly earnings depended on the rank of the dance hall, and the popularity of the hostess, ranging from $40-$220 a month. With this range of salary, a

196 Ibid., 27.
hostess could support a family (back in the countryside) and afford herself a more comfortable life, better than most Shanghai citizens. Dancing girls evoked a modern lifestyle: they tasted Martinis, French Champagne, coffee and smoked cigarettes; they would elegantly handle a knife and fork, while enjoying prime ribs and fried green beans; they had their hair-do in permanent waves, and wore western attire as well as the high-cut Chinese qipao.

Commentators at the time often romanticized the role of dancing hostesses as the vanguard of Chinese modern women. Their lives were undoubtedly different from the discrete and conservative values that governed the lives of traditional Chinese women. However, this is an excessively optimistic view. Hostesses were pawns in Shanghai’s male-controlled leisure industry and commercially-driven nightlife. They lived under the shadow of the city’s glamorous neon-lights in a semi-colonial world city that emphasized money-making and male prerogative. Dance floor hostess was one of the few jobs where young women could make a living income, but the business was harsh. The dancing floor was a social space for random hearts to meet, but the love stories of dancing hostesses usually ended badly. Some of them might, for a period of time, become mistresses of their wealthy clientele, but only a few managed to marry their clientele. In addition, a career as a dancing hostess was short-lived. When their beauty faded, hostesses were out of business and found difficulty finding jobs in Shanghai. While there were upper-class dance halls, whose hostesses comprised former actresses, courtesans or even young university students, many lower end dance halls recruited hostesses from the countryside. In many instances, these girls were controlled by gangsters and pushed into prostitution. Most Chinese nightclubs fell under control of the infamous Green Gang by the end of the 1930s, who were heavily involved in the opium trade, gambling and prostitution.

Indigenous Shanghai: Alleyway House Compounds

Besides the sumptuous buildings of the Bund, and the Euro-American-style leisure and commercial houses that formed the official image of Shanghai as a world city, the spatial imprint of colonialism and capitalism could also be found in Shanghai’s residential built environment. So-called ‘mixed residences’ in the settlements were a misnomer. It is more accurate to say that Shanghai’s residential landscape was racially
and socially divided. The spatial order laid down by the residential landscape reflected a complex interplay of political economic and ideological factors. Shanghai’s ruling class, including taipans, diplomats, municipal officers, and high-ranking executives of foreign corporations, built great mansions in the city’s western suburbs (the West District of the International Settlement) or in the west part of the French Concession. Their palace-like estates usually boasted lavish décor and design, landscaped gardens, and pavilions. This area also housed white-collar foreigners, upper-class Chinese, and overseas Chinese. Their western villas, elegant garden alleyway houses, or modern apartment residences were often tucked away from the major streets, located in leafy quiet areas. The level of luxury evident in the residences of some Chinese tycoons was on a par with their western counterparts. Ordinary Chinese, in contrast, were mostly concentrated in the East and North District of the International Settlement, the back roads behind the Nanjing Road in the Central District, the French Concession, and the Chinese city. The great majority of Shanghai’s population inhabited the alleyway houses, which constituted the most predominant architectural form in Shanghai’s built environment.

Commentators at the time tended to define Shanghai as a cosmopolitan world city by merely highlighting the striking western edifices, while greatly neglecting the significance of alleyway houses that a majority of Chinese called home. This common bias reduced the complexity of Shanghai by reading it simply as a glamorous colonial space. However, this image of the city was incomplete. Alleyway houses were a typical product of the semi-colonial society, reflecting the capitalist commodification of spaces and the colonial organization of territory and prejudice. Living conditions in the alleyway houses were crowded, often dirty, and were typical of Shanghai’s poor and oppressed.

Alleyway houses (lilong or longtang) first emerged in Shanghai’s British Settlement in the mid-19th Century. In the turmoil of the Small Swords Uprising, the first wave of Chinese refugees poured into the settlement. Shrewd foreign merchants “smelled an opportunity, the typical Shanghai opportunity – to make much money in little time.”

Increased demand drove real estate prices higher as speculators started to sell land to

197 Hauser, 1940, 53.
Chinese refugees. Ernest O. Hauser described taipans' "undisguised desire" for land speculation at that time:

They sold every square foot of unoccupied ground. Then they tore down the walls of their spacious compounds and sold them, sold every bit of them, and prices went up. They overstepped the limits of the Settlement, bought land from Chinese farmers, and sold it, and prices went up. Even the British Consulate, falling in line with the taipans sold some of its lovely acreage. And prices went still up.

Consequently, the price of a piece of land in the settlements jumped to a level 30- to 40-times higher than in the Chinese quarter. Almost every taipan of the trading houses invested in real estate. Other than land speculation, taipans discovered that the real estate commodities on Shanghai's soil were actually far more profitable than their own trade of cotton, tea, silk, and opium. Thus, rows of low end, single-story wooden houses were promptly built in the north part of the British Settlement (currently Guangdong Road and Fujian Road) in 1853 to rent to Chinese refugees. Housing shortages for Chinese refugees stimulated the instant boom of housing construction and marked the birth of a modern Chinese real estate market.

Shortly after the emergence of the first sale of houses as commodities, Shanghai witnessed around 800 hastily and cheaply constructed wooden houses built in a compound and sold on the market. This was the first of several housing compounds that became known as 'li' or 'lilong.' The official abolishment of racial segregation in 1855

---

198 Ibid., 54.
199 Ibid., 54.
201 The profit of house rental was reportedly as high as 30% to 40%. Ibid., 8.
202 Houses and lands have long been commodities in Chinese history. However, houses were not built on speculation. Hauchao Lu provided his account on traditional housing business in China. "At least from the 11th Century on, home purchasing and leasing were already common in Chinese cities. But these commercial activities were usually conducted on a small-scale. House purchasing and leasing were primarily a matter of what might be called self-consumption (e.g., building a home for oneself), of convenience (e.g., renting a house for a sojourn away from home, or selling a house when one relocated), or of a shift of wealth (e.g., selling a house to pay debts, or purchasing a house in order to have hengchan, or permanent property). Lu, 1999, 140.
203 'Li' refers to urban administrative unit in ancient China, which varied in size from 25 to 100 households. 'Long' refers to 'alleyway' in local dialect of Wu (one of Epoch of Warring states).
further enhanced rapid housing construction. By the 1860s, a report showed that the number of new ‘lilong’ housing increased to 8,740 units, especially due to population movement into the settlements caused by the Taiping Rebellion. To distinguish these housing compounds, the usage of ‘li’ as a basic character to name the compound had become a norm. By 1900, the words ‘li’ or ‘lilong’ became equivalent to ‘alleyway house compound,’ the main representative of Shanghai’s urban dwelling form.

An important characteristic of alleyway houses was that they were always built as commodities to sell on the market. To efficiently build as many houses as possible in a limited time and space, alleyway compounds consisted of rows of identical houses. Alleyway compounds were formed by a self-closure space, which consisted of a main gate toward to the street as well as main ‘long’ (alleyway) and little ‘longs’ connecting the whole community. Instead of individual free standing Chinese traditional courtyard houses, alleyway houses, like the style of western townhouses, were built in rows with contiguous walls in between houses. The forms of alleyway houses, initiated by foreign developers, varied in styles and bore a strong western influence. For instance, the predominate form of Shanghai alleyway houses, Shikumen (a stone-frame gate house), was a vivid example of blending western and Chinese housing fashion. Shikumen evolved into a number of different styles since they first appeared in the 1870s. Typically, they were built in two- or three-storeys with or without a rooftop pavilion room. Each house featured a stone-frame wooden gate, which usually was painted in black with two bronze knockers that led to a small enclosed courtyard. The granite or red stone frame gate, which bore exquisite European décors, was the most striking feature of Shikumen houses. Their interior layout was a variation of that found in Chinese traditional courtyard houses.

204 During Taiping Rebellion (1864), over 110,000 Chinese moved into the concessions.
205 Lu, 1999, 143.
206 Luo Xiaowei verified that the term ‘shikumen’ can be traced back to the gate entrance of an emperor’s palace in ancient China. Accordingly, the design of an emperor’s palace consisted of five layer of gates: lumen, yingmen, gaomen, zhimen and kumen. A prince or duke’s palace bore three gates: lumen, zhimen and kumen. Kumen was the protective outermost gate in both designs. In this sense, given to the fact that the entrance of alleyway house was stone-frame, so the term ‘shikumen’ meant ‘stone kumen’ deriving from its protective meaning. Luo, 1991, 18.
Shikumen built before the 20th Century aimed for multi-generation families, with courtyards, bays, and wings.\textsuperscript{207} This type of Shikumen catered to the demand of well-to-do Chinese (mainly landlords or merchants) and white-collar foreigners as they were quite expensive. By the early 20th Century, the large multi-bay Shikumen became unpopular. So-called ‘New Alleyway houses’ appeared in the market, targeting a new generation of Chinese professionals. The New Alleyway house was reduced to a single bay, with or without a wing layout. This new design had an open or semi-open courtyard, and a balcony was also added on the second floor. Overall, this style of the alleyway houses was closer to western houses than the previous Shikumen. This change reflected the rising housing demand, skyrocketing land price, the decline of multi-generation families, and the rise of nuclear families, as Shanghai became an industrial center in the 1920s. After the end of the First World War, Shanghai’s economy took off and its real estate market became even more prosperous. Rapid urbanization not only propelled the emergence of a Chinese urban bourgeoisie, but also deepened the older forms of social stratification. New forms of alleyway houses were built to fit the needs of different income levels.

Shanghai’s real estate market was initiated by taipans and was controlled by them as well as a few Chinese landlords and compradors. In 1920, the Shanghai Real Estate Developer Association (Shanghai fandichan gonghui) had 200 registered members, with 140 foreign developers and 60 Chinese developers.\textsuperscript{208} Jardin, Matheson, Gibb Livingston, Edwin Smith, Henry Lester, Thoms Hanburg, Silas Hardoon, and the Sassoon family were known by their real estate empires in Shanghai. Among them, Hardoon owned 44.23% of real estate in Nanjing Road (in 1931), which was the most expensive area in the settlements, while the Sassoon family were the largest real estate holders in Shanghai.

\textsuperscript{207} [It] consisted of a two-story central part, which contained a living room on the first floor and a master bedroom on the second floor, and wings on each side – a floor plan that could house a large family (parents with their married children) fairly comfortably. A paved and walled courtyard as located in front of the living room between the two wings, providing some space for outdoor activities. A kitchen, a servants’ room, and rooms for miscellaneous purpose were located in a single-story detached structure at the back. A flat roof fenced with wooden rails was built on the top of the kitchen and/or the servants’ room for drying clothes. In between the two-story front part and the single-story back part of the houses, a back courtyard, a long and narrow open-air space, provided some privacy on both sides of the residence.‘Lu, 1999, 148-9.

In 1922, the Sassoon's real estate empire included 29 alleyway compounds (a few thousand houses) and other commercial real estate in both settlements. In 1941, the Sassoons owned $86.89 million (Ch) market value of real estate property, with $6.88 million annual revenue of rent collected from tenants.209

As real estate developed into a lucrative business, Chinese merchants followed suit with their foreign counterparts. In the late 19th Century, the Zhang, Lou, Xing, and the Pang families, who conducted silk and tea trade in Nanxun and moved to Shanghai during the Taiping Rebellion, emerged as four pillars in the real estate market. By 1937, the Lou family had collected well over $50,000 annual revenue of rent from 700 alleyway houses. Compradors for the major foreign firms were also active in the real estate market. For example, compradors of Sassoon & Co., Chen Jinxuan and Zhou Liantang, owned thousands of alleyway houses in the Central District of the International Settlement. On the eve that the Chinese Communists took over Shanghai, approximately 3,000 Chinese real estate magnates collectively owned nearly 60,000 houses (10 million square meters). About 160 of them owned over 10,000 square meters of property and nearly 30 owned 30,000 square meters.210 Chinese real estate magnates usually bought or leased pieces of land to build alleyway houses and collected rent from Chinese tenants.

Shanghai's real estate market was disproportionately dominated by the colonial class and the Chinese elite. It was a common practice that foreign tycoons took advantage of their influence on the Shanghai Municipal Council (SMC) or French Council to gain inside information on related civil plans and land regulations. For example, as a council member of the SMC, Hardoon accessed information about the construction of the Extra-Settlement Road (outside the Settlement boundaries) and managed to acquire land on both sides of the Road at a very cheap price before the construction plan was officially released. Later, he sold the land at an inflated price and reaped a windfall, up to hundreds of times the original price. Likewise, resourceful compradors were likely to obtain investment opportunities from their colonial masters and earn themselves a big fortune.


The settlement's stable political situation and thriving industrialization continued to attract Chinese immigrants from the rest of China. With limited space and rapidly increasing population, Shanghai's real estate market had experienced few setbacks since the inception of the treaty port. However, while the real estate magnates were counting their fortunes, Shanghai's residents, especially those who lived in the alleyway houses, suffered from congested living conditions and unaffordable rents.

Given oligopolic control of the real estate market, Shanghai's housing construction never effectively caught up to the mounting pressures of the population. The first five decades of the 20th Century saw continuing population increases, from 1.8 million in 1900 to 3.7 million in 1937, and 5.45 million in 1949. Japanese military threats during the 1930s created a new tide of refugees to Shanghai. In 1930, city documents showed 11,656 newly constructed houses in the settlements, among them around 85% were Shikumen alleyway houses. Especially from 1937-1941 (the Sino-Japanese War to the Japanese Occupation in Shanghai), Shanghai witnessed a significant building boom. In 1939 alone, 304 new houses were erected everyday in the International Settlement. The fact that supply could not keep up with demand fueled rampant speculation and the costs of both residential and rental units took off once again. For example, in 1906, a Chinese journalist and writer Bao Tianxiao paid Ch$7 for a room in a two-storey, single bay-one wing Shikumen house located in an average area of the International Settlement. Bao was the Editor in Chief of Shi Bao with monthly salary about $80. However, in 1911, the average monthly wage of a factory worker was from $7.5-$10 and average pay for an artisan was from $15-$22. When France was defeated by Imperial China in the Sino-French War in 1885, Shanghai's real estate market plunged. Many had moved out of the settlements. But, ironically enough, the victorious Chinese Imperial government signed an unequal treaty with France. People moved back to the settlements and the price of real estate went higher than before the Sino-French war.
Shikumen house room was already beyond the reach of the ordinary Shanghainese. Only well-off families could afford to lease an entire alleyway house. By the eve of the Sino-Japanese War (1937), a pavilion room in Shikumen houses rented for $12. But the rent climbed to $30-40 a month during the war.\(^{217}\) According to the Index of Living Expenses of Shanghai Workers, the rent had increased 282.84% from 1936 to 1939.\(^{218}\) The rent for a new alleyway house and western apartment home went from $60 to $350 a month.\(^{219}\) To make matters worse, after the early 1930s, tenants were required to pay a one-time un-refundable ‘take-over’ fee of up to three months rent, in addition to the monthly rent.\(^{220}\)

In 1937, Shanghai’s 3.7 million populations lived in 300,000 houses and 2,000 alleyway compounds. The alleyway houses would have been very comfortable for a single family to live. But, from the late 1920s on, it was rare that a family could afford to live in a single house. Even an upper middle-class family would often lease vacant rooms in order to generate extra income. Under this circumstance, alleyway house rooms were usually subdivided into smaller compartments to rent or sublet.\(^{221}\) The accommodation of one family per alleyway house was transformed to multi-family per alleyway house accommodation. By the mid-1930s it was typical for up to 24 persons to inhabit a 718

\(^{216}\) Xueyong Xu ed. *Shanghai jindai shehui fazhan guaikuang: 1882-1931 (Shanghai’s Social Development).* Shanghai: Shanghai shehui kexue chubanshe, 1985, 232.

\(^{217}\) Luo, 1991, 63.

\(^{218}\) Ibid., 62. In the early 1930s, the deteriorated Shikumen houses became homes of the city’s working class. According to an investigation conducted by the Bureau of Social Affairs under the Shanghai Municipal Government, showed that 60% lived in the compartments of alleyway houses, 34% in one-story houses (pingfang, factory dormitories or dwellings for poor), 6% in straw shacks. Bureau of Social Affairs of the Shanghai Municipal Government, *Shanghaishi gongren shenghuo chengu (The Living Standard of Shanghai Factory Workers).* Shanghai: Zhongwua shuju, 1934, 55.

\(^{219}\) The rent depended upon the location, size, and condition of the alleyway houses. In general, the rent in the International Settlement was higher than the French Concession, and a western apartment was the most expensive accommodation except the villa and garden alleyway house.

\(^{220}\) In the 1940s, in some areas the take-over fee had increased as high as the purchase price. In 1938, a one bay three-storey new alleyway house asked for $80 monthly rent and $800 take-over fee. *Jiu Shanghai di jingying.* Shanghai: Shanghai renmin chubanshe, 1990, 64.

\(^{221}\) Given Shanghai’s over crowded and expensive housing condition, subletting room and compartment in Shikumen houses became a common practice for some tenants who could afford to rent the entire house. The so-called ‘second landlord’ referred to those tenants who subdivided spaces to sublet to the ‘third tenants.’ By the 1940s, second landlords had become the major player in Shanghai’s house rental business. The purpose of subletting was no longer limited to raising family income. Instead, it became a speculative practice. The shrewd second landlords speculated on the rent but also asked for take-over fee. Thus, the rent collected from the third tenants usually was enough to cover the second landlord’s own rent as well as the profit of over hundreds of percent. During the 1940s economic setback, subletting was the only thriving business. The reputation of the second landlord was often notorious because they exploited tenants.
square foot Shikumen house. Rooms were divided into compartments for different tenants, and even kitchens were rented out. In this context, the older infrastructure of the alleyway houses was inadequate. Effective sanitation and garbage removal, for example, became extremely difficult. By contrast, the colonial class, well-off Chinese industrialists, bankers, compradors, professionals, and bureaucrats, who constituted less than 8% combined, continued to live in villas, western apartments, and spacious garden alleyway houses. So, the spatial form of alleyway compounds, which was initially created by foreigners, had the effect of further separating the Chinese and foreign populations in the settlement. In addition, class divisions were prominent, as large sections of Shanghai were transformed into over-crowded slums.

Numerous non-residential activities also took place in the alleyway house compounds. As early as the 1870s, Chinese merchants had set up stores in Shikumen neighbourhoods. For example, in 1876, Tongren Li housed one silk shop, two Shanxi remittance shops, and 15 money shops. Shanghai’s alleyway houses became home to printing shops and bookstores. For instance, the well-established Commercial Press was first found in Dechang Li (Jianxi Road and Beijing Road) in 1897. Then, it moved to Shunqing Li in the next year and quickly expanded into 12 houses, with printing presses, editing rooms, accounting offices, and warehouses, all in the Shikumen compound. In addition, Shikumen’s self-closure layout provided a relatively secretive space for dissident activities. Chen Duxiu’s noted journal the New Youth was also edited and printed in a Shikumen house. The Chinese Communist Party’s First Congress meeting was held in a two-storey Shikumen house (now at Xingye Road) in the French Concession on July 23-30, 1921. Schools were also common in alleyway compounds. For

---

222 Hanchao Lu refers to a survey conducted by the Shanghai Municipal Council in 1937, showing that the accommodation of multi-family under same roof was the common rule of Shanghai’s alleyway neighbourhood. “...the in International Settlement where most of Shanghai alleyway houses were located, the number of families per house were: 14,310 families living one family to a house; 12,874 families living two families to a house; 18,945 families living three families to a house; 22,764 families living four families to a house; 15,435 families living five families to a house; 14,028 families living six families to a house; 7,840 families living seven families to a house; 3,824 families living eight families to a house; 2,061 families living nine families to a house; 1,305 families living ten families to a house. A concentration of 4 families, or 24 persons, per house was the rule in these neighbourhoods, which gives an average 30 square feet or 337 cubic feet per person.” Lu, 1999, 157-8.


example, Shanghai’s first private university, Datong University was founded in a Shikumen compound in 1912. The lodge that housed the delegates of the CCP’s First Congress meeting was a three-bay, two-storeys, Shikumen house that was the premises of the Bowen Women’s School.

A roster of Shanghai enterprises, published in 1922, showed 44 gold shops, 26 silver shops, 16 remittance shops, 77 money shops, 29 stock exchanges, 395 trading houses, 53 bookstores, 7 newspapers, 13 magazines, 31 printing houses, 77 silk & satin stores, 78 hotels, and 20 lodges, all operating in alleyway compounds. Small community businesses, such as restaurants, salons, tailor shops, clinics, grocery and rice stores, and the public bathhouses were also part of alleyway house neighbourhoods. Thus, in this context, alleyway house compounds, with their various cultural and commercial institutions, formed a complex and bustling indigenous world, where resident’s daily activities could be undertaken within a few blocks of the compound.

By the early 20th Century, Shanghai had earned a reputation as a ‘museum of global architecture.’ This fame was clearly a spatial consequence of colonization, and was primarily due to the built environment of the foreign dominated ‘shili yangchang’ (10-mile foreign zone). As the case in other colonial cities, colonial authorities and foreign elites privileged the role of colonial architectural firms to design a city that reminded them of their homelands and to legitimize a foreign presence in Shanghai. As indicated earlier, the imposing edifices of the imperial institutions on the Bund imitated a wide range of Euro-American styles, such as colonial baroque, Roman classic, British Renaissance, and Art Deco styles. Almost every important landmark in the city was designed by a world-renowned imperial architectural firm that was active in colonial cities across the Far East. For example, Palmer & Turner, a British architectural firm, based in Hong Kong, dominated the design of major buildings in the foreign territory in Shanghai. The Custom House, British owned-Hong Kong and Shanghai Bank, the Chartered Bank, the Union Insurance Building, the Sassoon House, the Japanese-owned Yokohama Specie Bank, the American-owned Yangtze Insurance Building, the Shanghai

Municipal Council Building, and the Sephardi Church Beth Aharon Synagogue,\textsuperscript{226} were all the creations of Palmer & Turner. Similarly, Stewardson & Spence, also a British firm, based in Shanghai, designed the Jardine, Matheson and Company Building, and the Japan Bank of Taiwan. The North China Daily News Building was designed by the English firm of Lester, Johnson & Morris.\textsuperscript{227}

Interestingly, Chinese owned financial and commercial institutions also commissioned foreign architects to design their monuments and adopted Euro-American styles. The Sincere’s English Renaissance-style was designed by the Lester, Johnson & Morris, and the Xin Xin’s reinforced tower was designed by an Australian firm C.H. Gonda. Palmer & Turner gave the Bank of China a design of a mixture of Art Deco and Chinese motifs, and the firm designed Wing On’s neo-classical skyscrapers. The Art Déco-style influenced Park Hotel and Grand Theater were designed by the famous Czech-Hungarian architect Ladislaus Hudec of the American firm R. A. Curry. By commissioning foreign architects, the Chinese business elite projected themselves as a vanguard of westernization. The Western-style built environment had become a significant aspect of the image and attraction of Shanghai abroad.

However, in the ‘Paris of the Orient,’ modernization had its expression in a parallel growth of negative urban slums. In this sense, Shanghai’s architectural wonders stood in marked contrast to the often-thrown together modifications that Shanghai’s urban underclass made to buildings in the alleyway compounds. As the Second World War began, Shanghai’s spatial order reflected a complex mélange of lingering colonial prejudice, unrestrained entrepreneurialism, and economic inequality.

\textsuperscript{226} Beth Aharon Synagogue was the center of Shanghai’s enormously wealthy Sephardi Jewish community, including Sassoon, Hardoon, Kadoorie, and Ezra families. Beth Aharon was built with funds provided by Silas A. Hardoon. Huebner, 1988, 227.

\textsuperscript{227} Lester, Johnson & Morris was the successor of the Henry Lester practices in Shanghai. It was founded by famous British architect Henry Lester in 1913.
Chapter 3.

The ‘Invention’ of Hong Kong: 
China’s ‘Other’ Colonial City

Hong Kong did not exist, so it was necessary to invent it.

Richard Hughes, 
*Hong Kong: Borrowed Place, Borrowed Time*, 
1968.228

We’ve seen how Shanghai developed from a Chinese regional port city, to the so-called ‘Paris of the Orient,’ through a complex interplay of political, economic, and cultural influences. Notable examples of these influences include colonial contact with the West and the introduction of a capitalist mode of production; new forms of administration and spatial organization; new industrial technologies; and new, “modern” Western attitudes and ideas in the realms of culture, aesthetics and everyday life. By the early 20th Century, Shanghai had grown to be one of the largest and most culturally diverse cities in the world. Prior to the ascendency of Chinese Communism in 1949, Shanghai had an international reputation as an open environment on the “Eastern frontier” where the lure of a good living, and big fortunes, attracted a wide range of immigrants, including taipans, adventurers, professionals, artisans, beachcombers, gamblers, prostitutes, and land speculators, among others.

Like Shanghai, Hong Kong also developed as a city of dreams, and the two cities have much in common. However, unlike Shanghai, which had a well-established history

as a regional port city in China, and was always, officially, under Chinese control. Hong Kong was not so much “developed” as it was “invented.” In other words, in comparison to Shanghai’s “semi-colonial” history, Hong Kong was an even more distinctively colonial creation. This had significant implications both for Hong Kong’s economic development in the 20th Century, and for Hong Kong’s role as a signifier in global discourses about the apparent superiority of modernization versus tradition and West versus East. Notably, by the mid-20th Century, as China turned to communism, Hong Kong was viewed in the West as a last bastion of free market principles and a vital cauldron of cultural diversity. Just as in Shanghai, though, these popular representations of the city only told part of the story.

The Early Port City

In comparison with its status in the world today, Hong Kong had modest beginnings. In the early 19th Century, Canton (Guangzhou) was the only Chinese port under the Qing imperial regime that was legally open to foreign trade. However, Portuguese traders had been active in Macau, a bit further south than Canton, on the western side of the mouth of the Pearl River, since the mid-16th Century, and British merchants had obtained limited trading rights in Canton itself in 1757. Hong Kong was a small, but bustling port, with a population of approximately 4,000, in pre-colonial times. This early pre-colonial history of Hong Kong has generally been downplayed by historians who have tended to claim that Hong Kong’s port activities started after 1842, when it became the British possession, and who have often reduced and oversimplified the existence of pre-colonial Hong Kong, describing the place, erroneously, as, for instance, “a barren island with hardly a house upon it.”

Hong Kong lay just a little southeast of Canton, already a major port on its own, on the opposite side of the Pearl River Delta from Macau. With its sheltered harbour, Hong Kong, in the late-18th Century, became an ideal locus for the British import trade. When that import trade was banned by Chinese imperial edict, Hong Kong became a place to smuggle opium into China. The opium, shipped by the British from India (a British possession), was paid for

in silver by the Chinese. But, then, increasingly, it was also traded by the British, with the Chinese, for tea, silk, and other commodities. By the early 19th Century, other commodities, such as woollen and cotton products, were also traded in Hong Kong.

In 1839, attempting to more effectively enforce the Imperial edict banning the import of opium into China, the Qing authorities in Canton, under Lin Zexu – who had been appointed Commissioner of Canton province with the specific mandate to destroy the opium trade – confiscated and destroyed over 20,000 chests of British-imported opium. This triggered the First Anglo-Chinese Opium War, which lasted from 1840 to 1842. It was the Chinese Imperial government's attempt to more effectively enforce its prohibition of the opium trade that was the flashpoint that led to the First Opium War. The underlining general causes of the War resided in the British merchants' dissatisfaction with the rigid regulations governing trade that were applied and administered by the Chinese Cohong. The Cohong were Chinese merchants who were exclusively licensed by the Chinese Imperial authority to conduct trade with British merchants in Chinese ports where such trade was permitted, which initially meant Canton. In Canton, foreign merchants were treated as barbarians by the Chinese. In this circumstance, the British merchant community saw Hong Kong as a place where they could potentially establish themselves and could live under the security of the British flag, while they traded with China.

In response to Lin Zexu's action against the British opium traders in Canton, a naval expeditionary force was sent out from London to settle, once and for all, the situation involving trade disputes and conflict with the Qing Imperial authority. A year of gunboat diplomacy followed as British ships blockaded ports and seized assets up and down the Chinese coast. A key action in this respect was the successful British occupation of the island of Hong Kong, in 1841 by Captain Charles Elliot, the British Superintendent of Trade. Captain Elliot proclaimed Hong Kong as a 'free port,' with import and export tariff exemption. This constituted a powerful immediate invitation and incentive to the conduct of international trade. Elliot also proclaimed that the population of Hong Kong would enjoy full security and protection under the British Crown.
These events immediately attracted to the island a number of Chinese boatmen, labourers, merchants, and adventurers, who profited by trading, illegally, with the British and other foreigners, while the War still continued. At the same time, some British trade companies moved their headquarters to Hong Kong, and anchored their vessels in Victoria Harbour there, largely because of the military hostilities that were taking place as part of the war, in the Canton area. In the previous chapter I have already shown how the Treaty of Nanjing concluded the First Opium War, and opened a number of Chinese ports (Canton, Amoy, Foochow, Ningpo, and Shanghai) to British trade, along with the abolition of the Cohong system in Canton. In addition, the small offshore island of Hong Kong was ceded to Britain "in perpetuity" by the defeated Qing Imperial regime. This marked the birth of the island as a British colony. Subsequently, by the Treaty of Peking (1860), which concluded the Second Opium War of 1856-60, the Qing were further forced to cede the Kowloon peninsula, on the mainland immediately north of Hong Kong Island, to the British. In 1898, as the Qing dynasty was entering its terminal phase, it was forced to grant the British a 99-year lease on an additional 1,000 square kilometres of land to the immediate northwest of Kowloon that became known as the 'New Territories.'

With its establishment as an 'official' British colony in 1842, Hong Kong became a hub of Asian trade and finance; and a substantial number of western prominent trading firms that focused on trade with China relocated their Far East headquarters from Canton or Macao, to Hong Kong. These firms included such giant British traders as Jardine Matheson & Co., Gilman & Co., and Gibb, Livingston & Co., as well as American firms such as Augustine Heard & Co. and Russell & Co. This transfer of the headquarters of major British and American trading firms, active in the Far East to Hong Kong, was accompanied by a movement of smaller traders from the same two western nations, as well as a wider international contingent that included representatives from India, France, Portugal, the Netherlands, and Germany. All of these countries were drawn to involvement in the commodities trade that was now based in the newly accessible port city.\textsuperscript{3} As more and more firms involved in the China trade ensconced themselves in new

headquarters in Hong Kong, the island city gradually developed into a command centre for Asian trade and finance. The trading partners and the financial and business networks of these newly Hong Kong-based foreign firms, functioned to link Hong Kong directly to an array of world mercantile and financial centres, such as London, Paris, New York, Bombay, Singapore, Bangkok, and Tokyo. Hong Kong developed with close connections an international colonial web, employing the trading routes of the British Empire. In this connection, David R. Meyer has observed that

These bridges formed a relatively non-redundant set of contacts across the channels of trade and finance, providing these [newly Hong Kong-based foreign] firms with extraordinary access to commercial and political intelligence. 4

This enhanced Hong Kong’s new role as a pivot for imperial capitalism in Chinese and other Asian trade.

Still, the dominant position in the trade of East Asia that Hong Kong came to acquire by the early 20th Century depended not only upon the operation of leading foreign firms, but also on local Chinese traders. Liberal British economic practices based on a policy of *laissez-faire* attracted merchants of different nationalities to Hong Kong. The trade-oriented character of the colony, and the modern urban development that was taking place here, also functioned as a lure for an influx of Chinese immigrants seeking the prospects of work, profits, and social stability. As in the case of Shanghai, a huge population increase was experienced as a result of the social and general dislocation caused in China’s southern and central provinces by the Taiping uprising from 1850 to 1864. Chinese immigrants to Hong Kong in the period from its establishment as a British colony in 1842, to the early 20th Century, included various ethnic groups from Southern China’s coastal provinces, such as the Teochiu (Ch’ao-Chou), the Hoklo (Futao, Hokkien, Amoy), and Hokka, although the Cantonese continued to constitute the majority in the population of the colony. Further, it is important to note that although Chinese merchants moved to Hong Kong from various regions of China, and were part of the

4 Ibid. 59.
increase in the colony’s population in this period, they still continued to retain close contact with the motherland. The new Chinese mercantile community in Hong Kong quickly established a nexus of commercial networks based on shared ethnicities, clan relationship, and family bonds, that bridged the Chinese merchant communities across Asia – especially in Nangyang (South East Asia) – and thus linked the prosperity of Hong Kong to the larger Pacific commercial area in general. These networks were mainly based in the Cantonese and Hokkien-Teochiu communities in Hong Kong itself, in Southern China, and in the wider area of South-East Asia. Numerous Cantonese merchants moved to Hong Kong during the 1850s, when Canton Province was wracked by social turmoil, but they maintained access to markets in South China through other Cantonese merchants who remained on the mainland. Hokkien and Teochiu merchants, as well as Cantonese, had long-standing mercantile bridges, through shared dialects and clan networks, to their compatriots in Nangyang ports.5

The depth and breadth of these Chinese trade networks was formidable. For example, for a long time, Chinese merchants in South East Asia had controlled the trade in staples such as rice and sugar, in this region.6 By the end of the 19th Century, Hong Kong had become the distribution centre for rice from Burma, Vietnam, and Siam (Thailand), to China. By 1910, Hong Kong handled 46% of sugar exports from Java. It was also the most important transhipment port for sugar from Indonesia, which came to Hong Kong either directly or via Singapore, and then was shipped from there to the coastal ports of China and Japan.7 Such trade with South East Asia, by Chinese merchants based in Hong Kong, consolidated the port’s role as an entrepôt for China.

One of the most significant additional factors contributing to Hong Kong’s commercial status was the “vast Chinese [labour] emigration abroad in the later half of the 19th Century, from which the European and Chinese mercantile communities in the

---

5 Ibid., 120.
7 Ibid., 27.
colony gained great profit." Jung-Fang Tsai further explains in connection with this Chinese emigration of labour to South East Asia, North America, Central and South America, and Australia, that

The rapid expansion of capitalism... and colonialism and the extension of imperialism to the rest of the world, created a great demand for labor—laborers to toil on the cotton and sugar plantations in Cuba, Peru and the West Indies; to work in mining industries, railroad constructions, and land reclamation in the American West, Canada and Australia; and, in Southeast Asia, to work in the tin mines and rubber plantations of Malaya, the spices and sugar plantations of Java, and the tobacco and rubber plantations of Sumatra... the western powers turned to India (a colony) and China (a semicolon) for alternative sources of cheap labor, giving rise to the notorious coolies trade. 

It has been estimated that over two million Chinese coolies embarked from Hong Kong to destinations in other part of the world, in this period. This emigration of Chinese labour was a very lucrative business; not to mention the profits that accrued from it to the western (mainly British and American) shipping firms and Chinese brokers.

Meanwhile, Chinese merchants established their own business and enterprises in Hong Kong in areas such as trade, real estate, and finance; or, as in Shanghai, they became compradors for foreign firms. As successful and sophisticated merchants and compradors, they became members of the social elite in the Chinese community while keeping a pragmatic relationship with the British rulers of the colony. The city grew rapidly in the late 19th Century as waves of immigrants settled there. New office buildings, warehouses, industrial plants, domestic residences and other housing, various forms of urban infrastructure, as well as buildings connected with professional and related services (medical facilities, schools and other educational institutions, etc.) were erected to accommodate the new immigrants and their activities. Given the growing demands of the port's commercial operations, new professional and other services related to those operations also developed and became established: marine and property

---

8 Ibid., 23.
9 Ibid., 23-4.
10 Ibid., 24-5.
insurance businesses; currency exchanges; legal firms (barristers and solicitors) providing expertise, advice and assistance in relation to commercial and financial transactions and similar matters; and other such businesses and services.

With its natural advantages of a deep-water harbour and 17 square miles of a land sheltered inlet, Hong Kong soon superseded Canton in terms of shipping volume, although it still lagged behind Shanghai in this respect. While Shanghai was securing its leading trading position as an entrepôt for the whole of China, Hong Kong seized the opportunity to become a major port for transhipment, serving not only Southern China, but also Southeast Asia, and the Western world. Traders eyeing the China and Asia markets needed, therefore, to set up offices in both cities. In this context of commercial and general economic activity, both Hong Kong and Shanghai became regional financial centres for the Far East. Between 1900 and 1935, Hong Kong consistently stood between third and eighth in the world as a financial centre, outranking all other Asian financial centers before 1925, and thereafter slipping slightly below only Shanghai and Yokohama in Asia.11

The Changing Political Context

Hong Kong’s survival has always depended on adjusting to the ever-changing political conditions of the time. In this connection, its close bonds, through personal, social, economic, and cultural ties, with China made Hong Kong sensitive to any political upheavals that might be taking place in the motherland. For example, there were two notable periods in the first half of the 20th Century when political turmoil in China severely influenced the island’s economy.

The first of these periods began in the late 1920s and lasted until the end of the Second World War in 1945. In 1927, there was an insurrection in Shanghai organized by the Communists and their allies in the National Revolutionary Army (NRA). The insurrection was put down in a brutal massacre by Chiang Kai-shek, the emerging head of the National Government. Around the same time, the increasingly aggressive Japanese

11 Meyer, 2000, 125.
policy towards China - culminating in the Japanese seizure of Manchuria in 1931, and the installation of the puppet regime of Manchuko there in 1932 - began to undermine the prosperity of Shanghai. In 1937, following the Marco Polo Bridge incident near Beijing, (undeclared) open war broke out – the Sino-Japanese War of 1937-45. Japan began an extended invasion of China, making initial and steady territorial gains in the northern and coastal provinces and in the rich Yangtze Valley in Central China. Shanghai itself fell to the Japanese, following an extended battle lasting from August to November 1937. These events set off an influx of refugees to Hong Kong, not only from Shanghai, but from China’s coastal provinces as well. This flow continued up to the end of the war.

The second period, of upheaval followed immediately after the Second World War, from 1946 to 1949. From 1927 to 1937 a situation of civil war existed between the Kuomintang Nationalist Government and the Communists. Although in 1937 the two sides declared a united front against the Japanese invasion, conflict between them soon began again in parts of China outside Japanese control. After the end of the Second World War, following an abortive truce mediated by the United States, fighting broke out again between the two sides, in 1946. Civil war resumed and lasted until 1949, when Chiang Kai-shek fled to Taiwan, and the victorious CCP under Mao Zedong proclaimed the People’s Republic of China. For Hong Kong, the Civil War of 1946-1949 resulted in another surge of refugees into the colony. In addition, as early as 1946, as many as 200 import and export firms previously based in Shanghai had transferred their headquarters to Hong Kong due to the civil war. These transfers were part of a much larger movement of capital from mainland China to Hong Kong between the late 1940s and early 1950s. Soon after the Communists had taken over China in 1949, traders and financiers in Hong Kong understood that their influence over the trade in China would not recover quickly. The closure of China by the Communist government, barring trade with Hong Kong after 1949, effectively closed off Hong Kong’s trade with the mainland at that time. Subsequently, the United Nations embargo on trade with China, initiated in

12 Ibid., 152.
13 Ibid., 143.
response to China's entry into the Korean War in 1950, further damaged Hong Kong's economy by undercutting the entrepôt business.

Still, despite the momentous changes that the Communist takeover of mainland China represented for Hong Kong, the city adjusted to the new circumstances with characteristic and amazing swiftness. After 1949 this occurred through a reconstruction of Hong Kong's economy so that it was increasingly based on manufacturing. The Civil War in China had brought Shanghai's thriving modernization to a halt, but this paved the way for major reconstruction of Hong Kong's economic base. The influx of capital brought by formerly mainland industrialists coming chiefly from Shanghai helped to build Hong Kong's economy, thus transforming the city from a trade-oriented port to an industrially based metropolis. As a result,

manufacturing surged as recent immigrant industrialists built factories and acquired machinery; between 1950 and 1955, the number of firms jumped from 1,478 to 2,437 and employment climbed from 81,718 to 110,574...Between 1955 and 1960, the numbers of firms and employees doubled to 5,346 and 218,405, respectively, solidifying HK's status as an industrial metropolis. 14

Hong Kong's thriving new export industries, such as textiles, clothing, electronics, and plastics, and other manufactured products, reached their peak in the early 1980s. Meanwhile, starting in 1978, trade surged again in Hong Kong and the city returned to its past significance as a commercial entrepôt. 15 This occurred coincident with China's adoption of economic reform and of the 'open door' policy under the regime of Deng Xiaoping, who had succeeded as leader following the death of Mao in 1976. Once again, Hong Kong became the juncture where networks of Chinese and foreign capital met, and the city became the frontline for western companies who wanted to do business with coastal China. The traders who were eager to enter China's ample market, relied on Hong Kong as their means of obtaining information concerning that market, and of gaining access to it. In addition, Hong Kong's pragmatic colonial government minimized

14 Ibid., 152-3.
the regulations and taxes relating to financial transactions. This laid the foundation for
Hong Kong to become a regional financial and management centre as well. Indeed, the
city’s favourable conditions for finance, coupled with its rapid industrialization in the
post-1949 era, had attracted numerous foreign banks to set up offices there. With the
prospect of new capital investment in China, Hong Kong witnessed the establishment of a
growing number of financial institutions and multinational corporations in the city.

During the 1980s, Hong Kong’s trading business increased dramatically. At the
same time, a new political crisis was looming large and casting a chill over the colony.
Although immediately following the establishment of the People’s Republic of China in
1949, the Chinese government did not claim sovereignty over Hong Kong; it never
abandoned the idea of recovering the colony from the hold of the old British Empire. In
1972 the Chinese government officially informed the United Nations Special Committee
on Decolonization, “that the settlement of the questions Hong Kong and Macao are
entirely within China’s sovereign right.”16 However, due to the political upheaval of the
Cultural Revolution (1967-1976), China was unable to take additional steps in dealing
with Britain on the question of Hong Kong’s status. It has been suggested that from the
outset there was a pragmatic aim involved in China’s hesitation to take back Hong Kong
from the British. On this point, Robert Cottrell has noted:

The Communist leaders foresaw the strategic benefits which could accrue
to China from leaving a British-run Hong Kong in place as a ‘window’ on
the West...They may also have reckoned that the presence of a British
colonial government in Hong Kong would provide them with an important
source of political leverage in future relations with Britain, and perhaps
even a wedge to drive between the interests of Britain and its great ally,
the implacably anti-Communist United States.17

Still, by the end of the 1970s, the Chinese government was beginning to place a
greater emphasis on the question of Hong Kong’s long-held colonial status. Starting in
1978 Deng Xiaoping and the CCP adopted a policy of the “Four Modernizations,” that

17 Ibid., 26.
committed China to a new wave of economic and technological development. Hong Kong’s value to China was quickly revealed. Notably, it was clear that China saw a significant role for Hong Kong as a provider of investment capital and expertise to support the process of economic reform to which Deng’s regime had committed itself. The British government, however, perceived the issue of Hong Kong from a totally different perspective. In 1997 the 99-year lease of the New Territories that formed part of the colony of Hong Kong was due to expire and Britain sent Sir Murray MacLehose, Governor of Hong Kong (1971-1982) to meet with Deng in Beijing in 1979. The chief purpose of this meeting, from the British point of view, was to seek Deng’s approval for the issue of a new land-lease term for the New Territories, “for as long as the Crown administers the territory.” Later, in the year following the meeting, the Chinese Foreign Ministry formally informed Britain that a change in the term of the New Territories land lease would be unnecessary.18

The Chinese government approached the resumption of its claims of sovereignty over Hong Kong, in terms of nationalism. It perceived and represented the pending problem of Hong Kong’s colonial status as a stigma resulting from the past imperial invasion of China’s territory. Prior to British Prime Minister Margaret Thatcher’s Beijing visit in 1982, undertaken with the purpose of starting formal discussions at the highest level concerning Hong Kong’s future, the Chinese government had given a clear signal indicating its determination to recover its sovereignty over the colony. It was no surprise, therefore, when at the talks held on the occasion of Thatcher’s visit in 1982, Deng firmly rejected her proposal that the British administration of Hong Kong should continue after 1997. The Chinese did, however, agree in principle to open diplomatic negotiations on the future of Hong Kong and they set a deadline of two years later 1984, to arrive at a solution to the issue. Paradoxically, Hong Kong itself found that it was essentially excluded from the 15 rounds of negotiations on its own future, that subsequently took place between the Chinese and the British governments, from 1982 to 1984; the presence

18 Ibid., 196.
of its representatives at these negotiations only seemed to pay lip service to the maintenance of an illusory triangular character to the negotiations.\textsuperscript{19}

A clear specification of a time frame for the Chinese takeover of Hong Kong from the British emerged from the negotiation after 1982, and this raised considerable anxiety in Hong Kong. Concern over the effects of Communist rule over the former British colony subsequently resulted in a period of economic turbulence for the territory. When the formal talks deadlocked, and no consensus could be reached between the two sides, and with Beijing consistently proclaiming that China would take over Hong Kong on 1 July 1997, Hong Kong’s economy experienced a major slump in 1984. Anxiety soon turned into panic. Hong Kong’s prosperous stock and property markets had already been deteriorating since 1982 and now foreign capital withdrew its investments from Hong Kong, and the currency lost almost one-third of its previous value.

The British government finally conceded and agreed to relinquish Hong Kong in 1997. On 19th December 1984, Chinese Prime Minister Zhao Ziyang and British Prime Minister Margaret Thatcher formally signed the Sino-British Joint Declaration on the future of Hong Kong, which enshrined the formula of ‘one country, two systems.’ The Joint Declaration stated that after 1997, Hong Kong, under Chinese sovereignty, would be transformed into the Hong Kong Special Administrative Region (HKSAR) of China, and that it would be governed by the Basic Law.\textsuperscript{20} Under the Basic Law, which embodied the principle of ‘one country, two systems,’ Hong Kong’s existing legal system, and its capitalist economic systems including its system of trade, would be preserved. The Law further specified that the residents of Hong Kong were to remain secure in the preservation of the all the rights and freedoms, and the way of life, that they had enjoyed prior to the takeover that would occur in 1997. The Law further elaborated on the political framework of the HKSAR, in guaranteeing the Region a high degree of autonomy for the next fifty years after 1997. Britain saw the Basic Law as representing

\textsuperscript{19} Hong Kong representatives hardly had any stake in the processes of negotiation other than following either China’s or Britain’s stand.

\textsuperscript{20} Based on the blueprint set out in the Joint Declaration, the Basic Law was promulgated in April 1990. The Basic Law represented as an official legal document which was considered by Chinese government suitable for enactment into domestic law governing Hong Kong.
hope, and also the last resort, for the preservation of democracy in Hong Kong, but in this respect, the Law was totally wanting. An English critic commented at the time on the Basic Law and on Hong Kong’s gloomy future,

It could be observed in this context that China’s constitution, notably, included many fine-sounding provisions similar to, and in theory of an even more binding nature than, those of the Basic Law – for example, that: ‘Citizens of the People’s Republic of China enjoy freedom of speech, of the press, of assembly, of association, of procession and of demonstration.’

Yet such undertakings were demonstrably not respected within China itself... It was not easy to see why the Basic Law, and Hong Kong, should be any the more respected or protected.

Given the fragile – indeed, the wholly illusory – status of the Basic Law as the principal guarantor of Hong Kong’s ‘high degree of autonomy’ from China, it followed that confidence in the future of Hong Kong could, ultimately, be founded only in a corresponding confidence in the future of China. If, and only if, China was moving towards a new respect within its own borders for enterprise, freedom and the rule of law, could it be expected to respect those commodities in Hong Kong.21

This is a compelling argument. What the argument overlooks, however, is the fact that Britain had also been hypocritical about principles of democracy in territories that it colonized. It was only in the late colonial period when Britain introduced democracy to Hong Kong.

The Joint Declaration represented the promise of decolonization and in the abstract this would normally represent a movement of liberation and self-determination for a people. However, the people of Hong Kong were sceptical about the true intentions of the Chinese government. This scepticism, and the anxiety that accompanied it, could be gauged by the large outflow of emigration during the 1980s and 1990s. Primarily, it was only the wealthy who would secure a passport or visa; and thousands of middle-class, highly educated professionals, migrated from Hong Kong to North America and

21 Cottrell, 1993, 190. The emphasis is mine.
Australia. For those who simply could not afford to leave Hong Kong the ‘inexorable’ choice was to stay and to reconcile to the forthcoming reality of life under China. A popular Cantonese aphorism of the time, reflecting the affliction of this last group, ran: “Those with cash can always dash, and for the poor, the Basic Law.” In 1989, the bloody events of the Tiananmen Incident devastated public opinion in Hong Kong and made people fearful of the possibility of a similar terror occurring after the colony’s return to China. This deepened public scepticism about the prospect of Chinese rule. It was estimated that following the Tiananmen Incident there were a million protesters marching in the streets of Hong Kong, supporting the Chinese democracy movement in silent mourning.

However, it would be an exaggeration to say that the process of de-colonization was entirely unwelcome in Hong Kong. Indeed, the people of Hong Kong had shrewdly realized that nothing could alter the destiny of the island passing back to Chinese rule and they reconciled themselves to this prospect in pragmatic ways. As the power configuration in the region shifted in favour of China, and the once dominant British hongs adopted strategies to cope with the changing political climate, the Chinese industrialists and entrepreneurs in Hong Kong, who had in the recent past established bonds with China, gained clout in Hong Kong’s economy. So on the one hand, for instance, the ‘Princely hong’ Jardine Matheson, whose role had been instrumental in the colonization of Hong Kong from the beginning in the mid-19th Century, moved its domicile to Bermuda in 1984.

In addition, the Hong Kong Bank, which had served as the colony’s de facto central bank for over a century, in 1991 renamed itself HSBC (The

---

22 The emigration consisted of elites and professionals created the effect of both a ‘brain drain’ and a ‘capital drain’. Some never returned even though many suffered socially and economically in their host countries. In many cases, immigrants split their families, became jobless or settled in junior jobs with lower pay. Emigration appeared as a common strategy to cope with 1997. It functioned as a political insurance for Hong Kong’s residents. When they had foreign passports in their pockets and moved part of their investment overseas, they gained more strength to deal with the loss of attachment with Britain and their general distrust to China. But, in the 1990s, there was an inflow of immigrants retreating from their host counties and moving back to Hong Kong. The reasons have been that they have their documents, and in Hong Kong, with its faster growing economy compared to their exodus destinations, they can exercise their expertise to get a good position and high salary. As 1997 approached, the social milieu gradually shifted to an optimistic mood. This was absolutely linked to China’s increasing campaign promoting a smooth transfer of power. The social elite, entrepreneurs (who have bought insurance in other countries or their business depended upon China) and the majority of ordinary residents (who hardly had any alternative but stay in Hong Kong), simply felt that to submit their loyalty to China was a pragmatic and sophisticated way to avoid political turbulence.

Hongkong and Shanghai Banking Corporation) Holding PLC and re-registered in London (although the Bank retained its headquarters in Hong Kong till 1993. But, on the other hand, the London-based Swire Group – which had a history in Shanghai and Hong Kong going back to the mid- to later-19th Century, and had enormously expanded and diversified its business interests in Hong Kong in the decades following 1949 - remained in Hong Kong. Rather than scaling back its operations the Swire Group continued to expand in Hong Kong in the 1980s and 1990s and even began to reinvest in Mainland China (which it had left in 1953), especially by forming joint ventures with partners in Mainland China, thereby also enhancing its political leverage.

Starting in the late 1970s a number of native Hong Kong industrialists and real estate tycoons, who had long-standing access to Beijing, replaced the British taipans in their previously prestigious position in Hong Kong's economic and political landscape. Thus, for instance, British-owned conglomerate Hutchison Whampoa Limited (which went back to the later 19th Century), which held interests in especially port facilities, property, and retailing, but which was in financial trouble after 1970s and had to be rescued by the Hong Kong Bank, was acquired by the rising Hong Kong tycoon Li Ka-Shing, in 1979. Another Hong Kong tycoon, Yeu-Kong Pao, who had founded Worldwide Shipping in 1955 and, by 1979, had made its fleet into the largest in the world, in 1980 acquired control of Hong Kong and Kowloon Wharf and Godown Limited (Wharf). Both companies historically had been in the Jardine Matheson sphere of influence. In 1985 Yue-Kong Pao took control of Wheelock Marsden, also previously a British firm (founded in Shanghai in 1857) and one of the premier companies in Hong Kong. These two acquisitions gave Yue-Kong Pao access to waterfront and to prime central Hong Kong property, transit facilities, and retail business.

The sceptical mood in Hong Kong in respect to the prospect of the 1997 handover, aside, many Hong Kongers ultimately did place a strong faith in the future of

24 The name of the founding member of the group of companies involved, a bank originally established by the Scotsman Thomas Sutherland in 1865, to finance British trade in the Far East.
25 Lau, 1997, 93.
26 Ibid., 83.
their city. This optimistic view was generated by an operative sense on the part of the Hong Kongers of their being “national” Chinese, as well as a growing confidence in China’s economic power. As Deng himself stated: “All Chinese at least have a sense of pride in the Chinese nation, no matter what clothes they wear or what stand they take, the Chinese residents in Hong Kong have this sense of national pride too.”

By the beginning of the 1990s, the imminent handover of Hong Kong to China had created an identity crisis for the Hong Kong Chinese. Whether they were Hong Kongers, Chinese, or both – this last in the sense of being either of mixed ancestry or Chinese by origin, but Hong Kongers by naturalization and adopted citizenship - many Hong Kong Chinese were now utterly bewildered with respect to the question of their own national and local identity. For over a century the issue of being Chinese had been merely an ethnic question for the people of Hong Kong. But, now it had become an ethical/political issue regarding national identity. At the same time the newly assigned ‘Chinese national’ identity that would be theirs in 1997 triggered a process of self-reflection for many of Hong Kong’s citizens. Many began to explore their ‘spiritual’ roots, in order to fill the empty colonial subjects that they had become. As China deepened its economic reform, and as its foreign investment policies showed signs of becoming more open, there was a growing confidence about the city’s future. Many in Hong Kong believed that as long as China’s economy continued to show strength, Hong Kong would remain a viable conduit for China to reach out to the world economy and allow global capital to enter China. Hong Kong had utilized its own advanced economic structure to take advantage of this situation and had become deeply involved in the economic reforms that Deng Xiaoping had initiated at the end of the 1970s. By the early 1990s, as the newly formed multinational corporations rediscovered the Asian market, Hong Kong again became a prime locus for business, commercial enterprises, financial institutions and multinational corporations to set up their headquarters in Asia.

27 Ibid., 2.
The Predominance of Capitalist Mercantilism and the Politics of Elite Co-option

If racial difference was a primary factor keeping the Europeans and the Chinese apart in Hong Kong, then the chief factor determining social and other classification within the Chinese community was an economic one. Given the fact that colonial government policy held the island's economy as a priority, and given the colonial government's record of favouring a plutocratic form of politics for those Chinese with ambitions for social status, the pursuit of mercantile activity was the most effective way to achieve such status, and to elevate their position in society. For these ambitious Chinese in colonial Hong Kong, personal achievement was ruthlessly measured in terms of relative capital accumulation. To be recognized as belonging to the Chinese elite in Hong Kong, signified that one was affluent and that one was able to associate with persons of influence in the colonial hierarchy. It was no coincidence that this economics-driven attitude, with which the Chinese community in Hong Kong was imbued, itself went back to the origins, and the founding principles, of the colony.

The deep-rootedness of mercantilism in Hong Kong began even before the formal settlement of the colony by the British. Indeed, the economic interests of the British merchants before 1842 was a major element in determining the British acquisition of Hong Kong in the first place. After the British East India Company's monopoly on trade in opium and tea with coastal China was terminated by the British government in 1834, other British and foreign merchants emerged, interested in conducting business with China. William Jardine and James Matheson, who were the most influential taipans in respect to Britain's China policy at the time, and who formed their private company, Jardine, Matheson and Co., in Canton in 1832, were in the forefront of a movement during the late 1820s and 1830s, promoting free trade with China, and petitioning the British Parliament to acquire an offshore territory from which British merchants could conduct their trade and business with China. But the British government did not initially consider it to be in its interest to acquire an island colony offshore from China; nor was the acquisition of such an offshore island colony originally one of the British government's policy aims, as the skirmishes began that let to the First Opium War of
1840-42. This becomes clear if one follows how British policy on this question, developed and changed in the period between 1839 and 1842.

In March 1839, the Chinese Imperial Commissioner Lin Zexu forced British merchants in Canton to surrender opium concealed in their ships and to pledge not to import any opium into China in the future. The British merchant ships withdrew from Canton, first to Portuguese Macao. But, by August 1839, they had retreated to the island of Hong Kong. Supplemented first by one, and then by a second, armed British frigate, the British merchants proceeded to use the island as a naval base during the preliminary skirmishing and fighting in the Pearl River. The arrival of a major British expeditionary force, including steam-driven gunboats and marines, in the Pearl River Estuary in June 1840, ushered in the First Opium War of 1840-42.

On January 20, 1841, Captain Charles Elliot of the British Royal Navy negotiated the convention of Chuenpeh with the Chinese Governor of Kwantung, which, in principle, ceded the Island of Hong Kong to Britain. On the same day, January 20, 1841, the British occupied the island. The Matheson taipans and other British merchants were anxiously lobbying Britain for the retention of Hong Kong. The intentions of these traders were guided by purely pragmatic self-interest: they wanted their commercial activities in relation to China to be protected by the British government and they wanted to get rid of the strict regulations of the Chinese Cohong system that was imposed on foreign merchants in Canton. The British merchants believed that both of these aims could be largely realized if the British acquired the island of Hong Kong, allowing it to be developed as an entrepôt for British trade with China.

The advocacy of the taipans was marked by success with the appointment of Sir Henry Pottinger - a soldier, colonial administrator, and explorer, with 20 years previous experience in British India - as British Plenipotentiary and Minister Extraordinary to the Imperial Court at Beijing. Pottinger was also given the appointment of Superintendent of Trade in Macao. Already on his arrival in Macao at the beginning of August 1841, Pottinger had proclaimed that the British occupation of the island of Hong Kong, and the arrangements related to that occupation, that had been instituted earlier were to remind in
force "‘until the pleasure of Her Majesty regarding that island, and those arrangements[,] shall be received.’"

Early in 1842, there was a change of government in Britain. Although, in the main, the previous British policy towards China was maintained, there were some modifications. These included a more tentative stance regarding the possible advantages of the permanent retention of the islands of Hong Kong and Tinghai by the British. Pottinger, however, who had become convinced, with the help of the advocacy of the Jardine and Matheson taipans and their allies, of the potential usefulness of Hong Kong as an entrepôt for British trade with China – and knowing, also, of the Chinese anxiety to recapture Hong Kong – held different views.

Back in Hong Kong between February 1 and June 13, 1842, Pottinger took a number of key actions in the direction of securing Hong Kong as a future permanent entrepôt of British trade with China. These actions included, in particular, in February 1842, the proclamation of Hong Kong (and Tinghai) as duty-free ports, and the transfer of the seat of the British Superintendency of Trade, from Macao to Hong Kong. In May 1842 Pottinger was pronouncing that “within six months of Hong Kong being declared to have become a permanent colony, it will be a vast emporium of commerce and wealth.” Negotiations, led by Pottinger, and with Alexander Matheson aggressively participating with him, for a treaty with the Imperial Chinese government, began in August 1842. The permanent cession of Hong Kong to Great Britain was one of the proposed British terms of the treaty and the signing of the Treaty of Nanking met the British merchant community’s wish: Article III of the Treaty ceded Hong Kong “in perpetuity” to the British Crown.28 Subsequently, Pottinger became the first colonial Governor of Hong Kong, holding that office from June 1843 to May 1844.

Unlike many other British colonies, where indirect rule was practised through political intermediaries, colonial rule in Hong Kong was direct rule and the colonial administration and bureaucracy there were headed by a British governor who was directly

appointed by the Crown. The colonial government of Hong Kong consisted of a Governor, the Executive Council (known as ExCo) – the top policy-making institution, the Legislative Council (known as LegCo) – the top law making institution and the body of unelected civil services. The Governor was empowered to make laws, grant land, appoint, suspend, or dismiss judges and other government officers and grant pardons. All these powers were subject to the approval of the Crown, who had the final power to approve or disavow any decision made by the Governor of Hong Kong. The Governor also had the legal right to appoint all members of the ExCo and LegCo and acted as President of the LegCo. Thus, the colony was administered under the Crown by a Governor, who usually came from the British Foreign Office. As a career diplomat, the Governor used his diplomatic skills to forge a harmonious relationship with the Chinese in Hong Kong, especially with the entrepreneurs and professional elite, and to achieve a delicate balance and consensus between China and Britain regarding Hong Kong’s status as a colony.

There was a complete absence of popular representation in the colonial government. The existence of the ExCo and LegCo served to justify the need for political participation among elites. As the highest policy and law-making institutions, they were also the advisory bodies to the Governor. Since the members of the two councils were appointed by the Governor, they rarely opposed the administration publicly and typically lobbied behind the scenes instead. In principle, a Governor could reject the advice of the two councils. If this occurred, he would have to report to the Secretary of State in England. The seats of the ExCo and LegCo were unsurprisingly dominated by British economic elites, officers and a handful of Chinese. Because British merchants had a crucial role in the acquisition of Hong Kong by Britain, they were subsequently able to put themselves in a strong position in relation to the governing of the colony. Chan Wai-Kwan has described the way in which the taipans played a formidable role in this respect in the colony:

The merchants...had a self-appointed role of sanctioning and overseeing it [the government of Hong Kong]. The taipans closely scrutinized the actions of the governors and would not hesitate to oppose any measures which they perceived as against their interests. The letters, of the early Jardine taipans were filled with comments on the conduct of the British government officials and opinions on how Hong Kong should be run. These comments were made in a tone and with an attitude as though the merchants had a bigger stake in the governing of Hong Kong than the governor. 31

It is striking, in this connection, that merchant disaffection with the actions and policy of Pottinger, their former ally, when he was Governor of Hong Kong in 1843-44, were instrumental in his being transferred out of that position, after only a very short tenure. Subsequently, after 1842 and over time, the merchant community in Hong Kong successfully gained the attention of Parliament in London, so that the community’s needs in relation to the distribution and operation of power in the colony were met. In 1850, two taipans were appointed to the Legislative Council of the colony as ‘unofficial’ members. And, in 1922, the number of such ‘unofficial’ members of the Council was increased to six, as against seven officials of the colonial administration, who were also members. 32 This development was evidence of the fact that taipan and government official held the two major roles in Hong Kong’s plutocratic politics, as well as in the upper strata of its society.

The LegCo consisted of European members during the first forty years of colonial rule, despite the fact that Chinese population in Hong Kong always outnumbered the British. A Chinese representative was first appointed to the LegCo in 1880 and it was not until 1926 that the first Chinese was nominated to the ExCo. It was not until after the Second World War that Chinese membership was increased in both councils.

The civil services were led by British, Cantonese speaking, expatriates and they played a vital role in assisting the Governor to formulate and implement policies. Since 1861, a scheme to train young British recruits in Cantonese was established so they could

32 Ibid., 27.
act as government interpreters. In time, this scheme laid the foundation for an elite service whose members filled the most senior posts in the colonial government, including a number of governors. As Lau Chi Kuen points out, the corollary of the Crown Colony Government was that "the civil service was crucial to the smooth functioning of the government because it was the ‘ruling class’, which remained in power indefinitely." After the Second World War, Chinese were first allowed to join the civil service as an indication that the colonial government was willing to absorb Chinese into the class of ruling bureaucrats.

Power to govern Hong Kong had always resided firmly in the hands of the colonial government bureaucracy headed by the Governor who had almost complete monopoly of political power. It is unusual that this system, established in 1843, remained unchanged until 1985 before the signing of the Sino-British Joint Declaration to hand over Hong Kong to China in 1997. The fact that the colonial regime not only survived, but remained stable and effective thus requires further explanation.

Ideologically and practically, Hong Kong society was predominantly governed by the doctrines of colonial capitalism. The Chinese population, ranging from merchants, compradors, and professionals, to workers, servants, and coolies, all had a common goal, namely, the achievement of economic and social stability under the protection of a foreign government. Chan Wai-Kwan has pointed out how the two groups – the Chinese on the one hand, and the foreigners and their colonial government on the other hand – had a common interest: "If the foreigners felt superior to the natives, somehow the two were tied together in the one activity for which the colony was established; to make money out of commerce." In this circumstance, the Chinese community found itself in ostensible harmony with the colonial government and the British and European communities. At the same time, under the colonial regime, there was very limited room for participation in politics on the part of the indigenous Chinese. Pragmatically,
therefore, they chose to offer their docility to the colonial master, and to put their energy solely into money making.

Accordingly, the social hierarchy in the Chinese community was constructed in reference to a scale of wealth. Merchants, compradors, and professionals, among others, constituted the "better and wealthy Chinese;" while workers, servants and coolies were situated at the bottom of the social hierarchy. With politics apparently a forbidden terrain for natives, business activities and the pursuit of personal prosperity became the raison d'être for the Chinese in the colony. As colonial subjects, the Hong Kong Chinese were suppressed in, and excluded from, the areas of politics and civil affairs, and were thus generally apathetic to local politics. Yet, at the same time realistically, they knew very well how to co-opt the colonial government for the purpose of enhancing their own social status and prestige. For its part, the colonial government needed the support of the local Chinese elite, in order to reinforce the prestige and legitimacy of British sovereignty with the general Chinese population of the colony.

In order to gain the support of the Chinese mercantile and professional elite, the colonial government of the British Crown in Hong Kong developed and used a system of 'administrative absorption,' including the granting of political and related appointments. The system was generally able to co-opt the Chinese elite and satisfy their political aspirations. In effect, the colonial government created a system that effectively 'bought' loyalty to colonial rule on the part of the Chinese elite by allowing that elite to access a role in the colonial hierarchy, and thereby to elevate their social status. Some members of the Chinese elite even became naturalized British citizens and were appointed to a variety of official bodies that were part of the colonial administration, including, for instance, such entities as the Legislative Council, the Executive Council, the Sanitary Board, the Commission of Peace, and the various advisory bodies, and administrative organizations found in the colony. Similarly, various honorary titles were awarded to members of the Chinese elite by the colonial government. This system of co-opting the Chinese elite successfully integrated them into the colonial institutions. At the same time, by this

---

36 Tsai, 1993, 84.
means, the colonial regime enhanced its legitimacy in the Chinese community and strengthened its monopoly of political power. The Chinese elite were considered the colonial government’s trusted agents and advisors: persons who were able to “look at Chinese affairs with English eyes and to look at English affairs with Chinese eyes.”

This system of co-option was highly valued by the Chinese elite and was recognized as “the most important ladder to the top elite status in Hong Kong.”37 The first Chinese who was appointed to the Legislative Council was Ng Choy, a lawyer. Most members of the Chinese elite were professionals, or merchants, compradors, and they were generally ‘naturalized’ (as British citizens) Chinese.38 Typically, Chinese elite appointees were relatively docile, and subservient to their British colonial masters. So Britain’s co-optive strategy proved effective both in limiting the scope of Chinese political participation and in assimilating the Chinese elite of Hong Kong into English culture, thereby encouraging their westernization.

More significantly, the system of elite co-option served to manipulate consensual politics in the absence of popular electoral participation. Besides the official advisory bodies such as ExCo and LegCo, the colonial government had set up a number of advisory bodies, in one way or another linking to the government agencies, in order to form a network of consultation on policy-making. Thus, the co-opted interest groups were given a voice in the policy-making process. In return, the government expected the groups to support the policies adopted after consultation. In this sense, the consultation process acted to reflect ‘public opinion,’ while the co-opted groups gained government recognition.39 This advisory system was widely adopted particularly in the post-war

37 Ibid., 85.
38 Ng Choy was appointed into the unofficial of legislative Council in 1880. He was born in Singapore and educated at the Queen’s College in England. He was the first Chinese to practice law at the English and Hong Kong bars. He later changed his name to Wu Ting Fang and became Chinese Ambassador to the United States. G.B Endacott and A. Hinton. Fragrant Harbour: A Short History of Hong Kong. Hong Kong: Oxford University Press, 1962, 60; Jan Morris, Hong Kong: Epilogue to an Empire. New York: Vintage Books, 1985, 144.
period. The number of advisory bodies had significantly increased from a few dozens in the 1950s to over 400 in the 1980s.  

The Social and Cultural Context

Hong Kong residents’ experiences of colonization typically produced economic pragmatism and political alienation, qualities that proved to be great advantage to British colonial rule in the territory. Chinese immigrants had moved to Hong Kong in the years following the tradition of colonial rule, chiefly for better economic opportunities, and to avoid political turbulence in China. From the Taiping Uprising of 1850 to 1864 – through the Sino-Japanese War under the Nationalist Kuomintang government (from 1932 to 1945), to the Chinese Civil War of 1945 to 1949 - refugees swarmed to Hong Kong because of the city’s unique geo-political circumstances. Unlike the case of some other British colonies, where colonial rule was imposed over the resistance of the native people and often stirred up open antagonism, in Hong Kong, immigrants voluntarily submitted themselves to the regime of the colonial rulers. Despite occasional popular unrest, which was often imbued with an anti-foreigner sensibility, there was no significant anti-colonial movement in the course of Hong Kong’s 155 years of colonial history (1842-1997). After 1949, there were special political circumstances, represented by the formation of the PRC, and the establishment of a Communist government in Beijing, that reinforced the absence of an anti-colonial attitude in Hong Kong. Lau Siu-Kai described this mentality,

As public acceptance of colonial domination was in large measure the result of the Hong Kong people’s rejection of Chinese communist rule in particular, colonial rule was generally taken for granted and even cherished.  

An additional contribution to this post-1949 situation was the respective motivations of the Chinese and British governments. Seemingly against all apparent logic, given its nationalist propaganda, the new PRC government was content to leave the British colonial administration of Hong Kong, in place, without, at the same time, giving any

40 Ibid., 138.
41 Siu-Kai Lau, 48-9.
specific rationale for sparing Hong Kong from its general claim to sovereignty over its historic territories. As previously noted, it has been observed that China’s intention in retaining the presence of a colonial government in Hong Kong would have been to provide itself with an important source of political leverage in its future relations with Britain.\textsuperscript{42} In order to normalize its diplomatic relationship with China, and to avoid political conflict, the colonial regime in Hong Kong after 1949 used all means to forestall the rise of any political movement in the colony that advocated autonomy for Hong Kong from China, or was otherwise hostile to the PRC. In such a political context, anti-colonial resistance, or nationalist struggles, on the part of the people of Hong Kong after 1949, barely existed.

Nevertheless, a deep-seated political alienation is, in fact, generally observable in Hong Kong society over the course of its colonial history - an alienation that historian Headley J. Stephen has attributed to the fact that “most residents... see themselves...as willing subjects of a foreign government rather than involuntary slaves of a conquering colonial regime.”\textsuperscript{43} This consensus further served to stabilize the political situation in the colony and to lessen possible political tensions. However, the presence of political alienation present in the history of the colony cannot be emphasized enough. In this connection, historian Jung-Fang Tsai notes that the stability of British rule only tells part of the story. Popular animosity toward British colonial rule did exist and “is an important aspect of the Colony’s history.”\textsuperscript{44} In the early years of colonial rule, for example, tensions and hostility between the Chinese and the Europeans existed at the same time as there was also cooperation and collaboration between them. Anti-foreign feeling was particularly strong among the Chinese population of the colony in the face of the British colonial government’s attempt to assume and to exercise strict control over the people in the aftermath of the Opium Wars of 1840-42 and 1856-60. In the second half of the 19th Century, and in the early 20th Century, there were large-scale popular insurgencies, social unrest, and strikes in the colony; and in this period, the Chinese and European

\textsuperscript{42} Cottrell, 1993, 26.


\textsuperscript{44} Tsai, 1993, 37.
communities showed no sign of integrating with each other. Racial prejudice, language, and cultural barriers separated the two communities, and the colonial government had great difficulty in regulating the Chinese population, due largely to the regime’s ignorance of the local language and culture. In this situation, the Chinese elite in the economy played a significant role in mediating between the colonial government and the indigenous Chinese general population.

The role of the Chinese elite in colonial Hong Kong has often been described as ‘ambiguous and complex.’ The Chinese migrants who came to Hong Kong from the neighbouring mainland regions, were inclined, when they arrived, to congregate with new immigrants like themselves, or with people already settled there, who spoke the same dialects as they did. Each dialect group tended to maintain the traditions, values, religious beliefs and observances, customs, and kinship systems, of its place of origin. These dialect groups and communities were usually led by ‘kinship leaders’ who in most cases were successful merchants, compradors, or property-owning landlords, who adeptly collaborated with the foreign colonists. The Chinese elites who emerged in colonial Hong Kong, were different from the former, traditional elite of Imperial China. They were businessmen, rather than members of the literati-scholar class, who had been resistant towards foreigners and colonialism, and who would have been unlikely to have cooperated with British colonial rule in Hong Kong.

The pragmatic role played by these Chinese elites of Hong Kong was invaluable to the colonial government. The elites provided a source of consultation for the colonial regime, regarding the affairs of the Chinese population. The majority of Chinese immigrants to Hong Kong arrived as strangers and newcomers, and often as refugees. They had left, or been uprooted from, their original homes and were also economically disadvantaged. Yet, in some cases, these immigrants became social leaders in the Chinese community and, most significantly, they became a bridge between the colonial government and the broader population. As less privileged Chinese immigrant settlers confronted the laws, courts, and the often exorbitant demands of their colonial masters and rulers, it was the Chinese elites in Hong Kong who sought to mediate the problems and difficulties that arose and who worked to ensure peace and order.
The merchant and property-owning elite who dominated the Chinese community in Hong Kong worked to foster a peaceful, orderly, and harmonious social condition in the colony in order to promote their own commercial and economic interests. As long as the colonial government was able to carefully watch and to monitor the role that the Chinese elite exercised with respect to the affairs of the general Chinese population of the colony, their actions were tolerated by the colonial government. Essentially, therefore, the Chinese merchant and property-owning elite, and the colonial authority in Hong Kong worked together to construct the ideological foundation for a 'colonial capitalism' that aimed to protect commercial interests and private property, maintain community security and public order, and to establish a social environment that was conducive to trade, industrial manufacture, and financial and economic enterprise. In time, the Chinese elite became a part of the privileged group to whom the colonial government granted access to the means of gaining business prosperity and power. By making good use of this advantageous position, the Chinese elite often gained influence and acquired personal connections, at the highest levels of the British administration. The members of this Hong Kong Chinese elite were “basically traditional, conservative, and patriarchal in orientation and philosophy.” Since they did not hesitate to pay their homage to the ruling class in order to maximize their economic gains, “they could not be manipulated by the disaffected to support politics of radical social change.” The Chinese elite’s prestigious status, was thus:

derived from their colonial masters. Their relationship with their political overlords was one of dependence, deference and supplication. In the eyes of the colonial regime, these indigenous leaders were employed primarily to legitimate colonial rule, to enhance its understanding of the colonial subjects and to serve as the transmission belt between the government and the governed.

Still, Hong Kong’s Chinese elite did not constitute a single unified entity. From the outset of colonial rule the Chinese elite was complex and fragmented. Although the

Chinese elite was integrated through vertical ties of occupation, kinship, ethnicity, and wealth, and shared common interests in the general civil affairs of the colony, they inevitably competed with their fellow members for commercial benefits, social resources, and recognition by British colonial rulers. As a result, there were often clear lines of division within the Chinese elite. For example, at the highest level a small group of merchants, compradors, and property-owning landlords created a unique Chinese gentry in the colony. Members of the gentrified Chinese elite could speak English fluently, were trained in western professions, adopted the Christian faith, and adopted western leisure pursuits, such as clubbing, horse riding, dining on western cuisines and playing western sports. At the same time, however, this Chinese gentry class continued to preserve Chinese culture in their daily life. During its 155 years of colonization, Hong Kong remained a distinctly Chinese society despite the colony’s powerful western influences. Chinese customs, traditions, religions, languages, and Confucian beliefs, remained strong in the community. However, English culture remained hegemonic at the top of Hong Kong’s social hierarchy. In Chinese Hong Kong, one’s capability to acquire western culture, and to gain fluency in English, was a prime means of social mobility into the Chinese upper-class. In this connection, Chan Wai-Kwan notes how ‘Englishization’ was an important aspect in enhancing the Chinese elite’s informal leadership:

It is not surprising that the compradors were the most successful members of the Chinese elite... most compradors were rich not because their job was highly paid but because it enabled them to be successful merchants. Moreover, because of their knowledge of Western culture, they were highly regarded by the Europeans, who considered them a more progressive class of Chinese who were ‘fully conversant not only with the affairs of their own country, but with Western ideas of civilisation and progress... [Lawyers and doctors] were rich not because they won court cases or cured patients, but because their English education gave them a better opportunity to succeed in business. 47

English speaking Chinese were more likely to be successful in the cultural politics of Hong Kong colonial society, simply because they could speak the language of the colonial rulers, a capacity that gave them a relatively privileged and higher position in the

colony compared to other non-English speaking, Chinese. This social ‘fact’ validated the benefits of an English education in Hong Kong. Chan Wai-Kwan’s work on the Chinese merchant class of Hong Kong has shown, for instance, that the founders of Chinese elite organizations Tung Wah Hospital and Po Leung Kuk were predominantly English-speaking compradors whose ‘Englishization’ made them more favoured for integration into the formal political structure of the colony’s Legislative Council. It was noted that these members of the merchant class spoke ‘admirable English’.

In this situation, the alleged superiority of English culture found expression in the virtual segregation of the two races. As in semi-colonial Shanghai, in colonial Hong Kong the British and the European elites retained an exclusive social life for themselves, both culturally and spatially. In particular, their social organizations, such as various social clubs, clearly portrayed the positive self-image of a ruling class. In the hierarchy of colonial society these social clubs defined a certain mode of behaviour and a certain, leisure life-style, for their privileged members. Just as in Shanghai, social institutions such as clubs and leisure spaces strengthened the British and European elites by socially and spatially separating them from the Chinese population, and this worked to further legitimize the colonial elites’ already established supremacy.

The Hong Kong Club, for example - known as “The Club”, and founded in 1846 - was the social centre for a group of eminent Britons and Europeans. Membership in the Club was strictly limited to colonial government civil servants, officers of the British naval and military services, and members of the British and European merchant communities. Essentially, the institutional function of the Club was to “[establish] a permanent mechanism by which social relations amongst [the British and European elites] were developed, strengthened, solidified, and perpetuated.” The restricted membership and expensive membership fee ensured only respectable and wealthy taipans, and others of similar status from the British and European elites could belong to

---

48 Tung Wha Hospital and Po Leung Kuk were the two initial Chinese elite-production bodies which conducted the charitable affairs in Chinese community.


50 Ibid., 36.
the Club. The various activities, entertainments, and extravagant services provided by the Club, embodied the lavish leisure life of a 'league of extraordinary gentlemen.' Chan Wai-Kwan quoting Arnold Wright's description of the lavish style of the Hong Kong Club in early 20th Century, gives a picture of:

...nine billiard tables, a fine bowling alley, spacious dining, reading and general rooms, bars and living accommodation for 34 guests, electric lights and fans...electric lifts...[and] a fine library. On top of these was the service provided by about two hundred Chinese servants. It must have been quite an extravagant club to have two servants for every five members.51

The exclusiveness of the Hong Kong Club was, thus, one of wealth as well as race. It was a club exclusively for the 'colonizers.' The 'colonized,' namely, the general Chinese population of Hong Kong, became the subordinated 'Other.' Although a conspicuous class of successful Chinese merchants had emerged in Hong Kong by the 1890s, the Club included no Chinese members. Other European clubs, which emphasized sports and leisure activities - such as the Hong Kong Jockey Club, the Victoria Regatta Club, the Polo Club, the Yacht Club, the Hong Kong Cricket Club, the Golf Club, and the Peak Club - were also segregated along the lines of class and race.

The Hong Kong Jockey Club offers an especially striking example of class and racial segregation in the colony. In Hong Kong, as in Shanghai, thoroughbred horseracing was introduced by the European community in the settlement as a leisure-time activity. Horseracing was organized, and was particularly patronized, by the foreign taipans and government officials, as an event in their social calendar. The Hong Kong Jockey Club was formed in 1884, by a subcommittee of the Hong Kong Club, and started to organize racetrack meetings at Happy Valley, south of Wanchai and Causeway Bay, on the island of Hong Kong, as early as 1846. The Hong Kong Jockey Club shared the restrictive character of the Hong Kong Club itself. No person of Chinese birth was to be admitted to its membership. And, only members were allowed to enter horses in the races at the racetrack meetings.

51 Ibid., 37.
Still, like Shanghai, horseraces attracted spectators from the Chinese masses. Horseracing was one of the few sporting activities practised by the Europeans that took the form of public amusement and spectacle. As such it gained much popularity among the Chinese population of the colony. Indeed, the prosperity of the Jockey Club relied mainly on the contribution made by Chinese spectators as bettors. The Jockey Club was controlled by the English elite but, on the race days, the racecourse was open to everyone - the affluent and respectful British and European patrons, as well as to the crowd of, primarily Chinese, general spectators. However, class and racial distinctions were still observable in the spatial arrangements for the spectators. The English ruling class occupied the private boxes in the grandstand, while the mainly Chinese ‘proletariat’ were seated below them. Lady Anne Brassey, a Victorian English traveller, blithely described the grandstand at the Happy Valley Race Course in Hong Kong in the following terms:

The grand stand is a picturesque object, with its thatched roof, verandas, and sunblinds. The interior, too, looks comfortably arranged, and certainly contains the most luxurious basket-chairs one would ever desire. There are a lawn and paddock attached, and very good temporary stables, over many of which are private stands and tiffin-rooms.  

A horserace meeting at Happy Valley was considered a social event by the British and European community. It was an occasion when, in the spacious upper level of the grandstand, ladies dressed up to display their best outfits and the taipans gathered with their prestigious friends; while many of their privileged guests there had come from other colonial port cities such as Shanghai, Canton, or Macao for the occasion. When the Hong Kong Jockey Club finally lifted its racial restrictions after the end of the Second World War, wealthy Chinese ardently sought the cachet of privilege associated with the club, entering horses and patronizing the races. Horseracing remained one of the most significant features of colonial life through the whole of Hong Kong’s colonial history and still exists, as an active legacy from colonial times in the present day.

The tightly restricted private clubs discussed immediately above – not only the Hong Kong Club and the Hong Kong Jockey Club, but other clubs too - not only ensured

52 Anne Brassey, “A Visit to the Hong Kong Races”. Hong Kong: Somewhere Between Heaven and Earth. 95.
the prestige of the British and European upper-class in Hong Kong, but, together, the 
clubs also formed a dominant ideological bloc within the colony. Members of these clubs 
were radically distinguished from the ‘uncivilized’ Chinese; and the institutional bond of 
club membership helped to keep those who belonged to the clubs, properly ‘British’ (or 
‘European’). Not only did the exclusive nature of the foreign (British and European) 
community, signified so markedly through the clubs, operate to normalize and to stabilize 
the superiority of English culture, but that culture came to represent a hegemonic form 
that the newly well-to-do Chinese in the colony desperately sought to mimic.

The Changing Colonial Landscape

Like Shanghai, colonial Hong Kong was not only divided according to race and 
class, it was also strictly divided in spatial terms as well. English and European Hong 
Kong on the one hand, and the Chinese quarter on the other, each occupied their own 
spatial area in the urban landscape. And each exhibited a different aesthetic of the city - 
an aesthetic that in each case was organized according to its own specific principles and 
to the preferences that governed it.

The Peak

In the first instance, the concept of the ‘beautiful Crown Colony,’ was based 
solely on the sophisticated image of the landscape occupied by the European community 
on the island. The European quarter was meant to harmonize the thriving, deep-blue 
water harbour with an economically booming town. Edifices that comprised elegant and 
exceptional examples of colonial architecture spread out along the northern shore of the 
island harbour called ‘Victoria Harbour.’ This area of the city, now known as Central, but 
originally the core of the colonial city and called Victoria, after the Queen, stretched from 
the Western Market to the Admiralty Building in the east, and up the hill to the south, to 
the Zoological and Botanical Gardens. The European quarter, however, was not confined 
to this area of the waterfront but climbed up the side of the steep 550 meter hill, the upper 
levels of which constitute “The Peak,” and rise above the centre of the old city and 
Victoria Harbour.
The first path up to the Peak was carved out in 1859, and within 20 years, a number of summer homes had been built for a wealthy minority of British merchants, who sought out the higher levels as a way of escaping the heat and malaria of the seafront in summer. Imposing granite mansions and European brick houses with deep verandas were built, clinging to the hillside’s steep terraces. The Peak was described as “[the] marvellously picturesque place.”53 In *Half-Crown Colony – A Historical profile of Hong Kong*, James Pope-Hennessy, the twentieth-century English writer and editor, and himself the grandson of a Governor of Hong Kong, Sir John Pope Hennessy (Governor of Hong Kong from 1877-82), painted a vivid picture of the European quarter on the Peak, as described in the travel writings of English aristocrats visiting the colony in the late 19th Century. He wrote:

Less than forty years after its [the British colony of Hong Kong] foundation an English visitor could describe Victoria as ‘magnificent’...[and would write]: English and Romish cathedrals, the Episcopal Palace...great barracks in terraces, battery above battery, Government House and massive stone wharves...and all over, its rich fold spread out fully on the breeze, floated the English flag.

This same observer, the inveterate globe-trotter Miss Isabella Bird who visited Hong Kong in 1878, compared the ‘very beautiful city’ of Victoria to Genoa – a comparison which seems startling indeed today.

It reminds me of Genoa... It has covered green balconies with festoons of creepers, lofty houses, streets narrow enough to exclude much of the sun, people and costumes of all nations, processions of Portuguese priests and nuns; all its many -coloured life is seen to full advantage under this blue sky and brilliant sun.

Another English visitor...[wrote that Victoria] evoked his childhood’s notions of the Arabian Nights.

I found myself transported two thousand years back in ancient Rome or glories Carthage. This illusion is helped no doubt by the coloured dresses and graceful drapery of the Chinese, and by the somewhat classical style of the white houses, with their porticoes and colonnades and

The rhetoric of these writings was strongly visual and their references carried specific connotations. They conjured up a vision filled with imposing forms and styles drawn from the history of European architecture: cathedral and palace; buildings and structures, representing imperial rule and its military and naval power; classical porticos, colonnades, and balconies. The writing evoked famous seaports and naval empires of the past – Genoa, Rome, Carthage – and saw in the natural setting of Hong Kong’s Victoria Harbour and the Peak an image reminiscent of the Mediterranean, where these earlier naval empires had held sway. Writing by late 19th-century British aristocratic travellers, describing colonial Hong Kong, makes clear that the value of what the writers experienced when they contemplated that scene was something that could be expressed in terms of aesthetic pleasure. Thus, their descriptions invested the scene of ‘European Hong Kong’ with a peculiar aesthetic exuberance, one which rendered it as an image of beauty, conquest and possession. In addition, these narrative-like descriptions widely employed a self-congratulatory tone that privileged the visual forms of European colonial authority, in order to establish a colonial discursive order. At the same time, the accompanying images of indigenous life in the European quarter, such as the reference to “the coloured dresses and graceful drapery of the Chinese,” were simply deployed to play a complementary role, bringing out the qualities and character of the European quarter with greater brilliance.

The Chinese Quarter

The ‘colonized’ Chinese quarter of Hong Kong, the description of which also constituted an essential part of late 19th-century upper-class British travel writings was often noted in disparaging terms. In her popular best-selling book A Voyage in the Sunbeam: Our Home on the Ocean for Eleven Months (1878), Mrs. Thomas Brassey described Hong Kong’s ‘Chinatown,’ which was located “quite far away from the foreign settlement,” as dirty and crowded. She also pointed out and explained, that ‘pidgin English’ was used in Hong Kong, because it was ‘easier to a Chinaman’s intellect.” Like

54 Ibid., 65-6.
Mrs. Brassey, English traveller Sir Henry Norman was dismayed by what he saw as the filthy condition of the Chinese quarter in the colony. Writing from a position of imagined colonial supremacy, he declared of the Chinese quarter that: "[it is] probably about as insanitary as any place in the globe under civilized rule." And Jan Morris, a later English travel writer and historian who has written illuminatingly about the history of the colony, gave a vivid picture of how the Chinese quarter in late-19th-century Hong Kong was "un-delightful dirty and crowded." She wrote:

Those public lavatories, for example, were uniformly nauseating, while most Chinese households drained their effluence into open cesspools – if it was drained at all – for much of it, too, was bought for re-sale by freelance scavengers. Living conditions in the poor quarters were fearful. An officially commissioned report in 1882 – in effect the first Hong Kong social survey – showed that Chinese houses were generally divided by partitions into many cabins, each a dwelling about 10 square feet...Hardly any houses had running water (and water from public fountains was available only in the small hours of the morning). Many had no chimneys, the smoke from their fires issuing from the windows, and many pigs lived among the humans upstairs as well as down. The smells were terrible, the dangers all too obvious.\textsuperscript{55}

The Chinese quarter in Hong Kong was represented as ill-spreading, raucous, crowded and unsanitary, as well as crime-ridden. The population's 'filthy habits' and 'criminal activities' were constant subjects for commentary. For example, in an unmistakably ethnocentric overtone, Morris's observation continued:

Chinese were often arrogant and could certainly be annoying. Their concern for hygiene was vestigial, and to European ears the noise they made was indescribably awful...Chinese could also be frightening. Violent crime was common still among them, and the local Triads were now said to have enrolled 15,000 members. If you took a sampan to dine aboard a ship in harbour, the pier-side constable took a note of its

members, the sampan people having a habit of cutting their passengers’ throats, robbing them and throwing them over board.\footnote{Ibid., 142.}

Morris’s anecdotal account here of the Hong Kong Triads is exaggerated and one-dimensional. According to Colin Crisswell and Mike Watson, besides the Triads’ notorious involvement with prostitution and gambling, “the Triad society was in practice somewhat akin to a [labour] union or friendly society,”\footnote{Colin Crisswell and Mike Watson, \textit{The Royal Hong Kong Police (1841-1945)}, Hong Kong: Macmillan, 1982, 155.} and historically, it made a significant contribution to the labour movement in Hong Kong. As the majority of coolies who came to Hong Kong arrived with no prior roots there, it became ‘a rule’ for them to join the Triads. Thus, these underground organizations easily gained control of various guilds and workers’ associations. Related research has shown that it was estimated that in 1847 three-quarters of the Chinese population of Hong Kong were Triad members. This common membership, therefore, bound the Chinese workers together. As Criswell and Watson pointed out,

\begin{quote}
[The Triads] generally operated under the guise of benevolent societies or sports clubs . . . . ‘associated members’ paid a small weekly fee and in return received protection with regard to their jobs, and also various welfare benefits.\footnote{Ibid., 155.}
\end{quote}

In fact, the majority of Triad ‘members’ at this time did not take the oath of initiation into the society, and were not actively involved at an organizational or executive level in Triad affairs, while nevertheless benefiting socially and economically from their membership in the Triad societies.\footnote{Ibid., 155.}

The point is there was a vast disparity in the depictions of the Hong Kong European and Chinese quarters, respectively, in the late-19th-century colonial travel writings. These depictions were echoed in the more historical writing of a twentieth-century English travel writer such as Jan Morris. In her writing, the European quarter was represented as a modern, magnificent, and picturesque place; while conversely, the
Chinese quarter was filthy, stinking, and jammed with inhabitants. In the language of these 'civilized' sojourners, the Chinese were a subject race; and Chinese life and affairs were “depicted as something one judges (as in a court of law), something one disciplines (as in a school or prison), something one illustrates (as in a zoological manual).” All this was done for the enhancement of the authority of the colonial ruler. The result was that the discourses produced by privileged travellers came to constitute the European ‘knowledge’ of the Chinese, ‘the colonized.’ These discourses served as powerful sources of colonial ideology, through which Europeans related themselves to this other part of the world, and through which ‘the colonized’ were represented by and within the dominant framework of colonial power.

In considering the ‘colonized’ Chinese of Hong Kong, it is important to shed light on the political economy of the spatial and economic disparity of the Chinese part of the city. The Chadwick Report, a report based on investigative research into the colony’s sanitary conditions, published in 1882, contained revealing information in this connection, on the state of life of the general Chinese population of Hong Kong:

An example was a three-storied residential house .... The first floor was divided into four cabins and shared by thirteen people. The second floor was shared by eleven people. This was a standard which was ‘above the average.’ In a more typical case, in a row of eight small houses, 428 inhabitants were found, having but 230 cubic feet of space per head, exclusive of the cookhouse. These houses were exceedingly filthy.

But colonial domination was not the only factor keeping the majority of the Chinese population of Hong Kong living in a state of impoverishment. In his study on the class formation of Chinese labour in Hong Kong, Chan points out that the poverty of Chinese workers not only reflected the racial inequity between the Europeans and the Chinese in the colony; but was also a consequence of the exploitation of these workers by the Chinese compradors and labour contractors, who controlled the workers’ wages and were also usually the rent-collecting landlords of the houses in which the workers lived. As

Chan writes, "It was in the interest of these compradors and labour contractors to raise the price of houses and lower the wages of labourers."

In this sense, class interests often worked against initiatives to improve conditions for Hong Kong's Chinese residents. For example, in 1881 the colonial government called for radical legislation in order to change and improve the overcrowded and unsanitary conditions under which the Chinese community lived. However, Dr. Ho Kai, a Chinese member of the Legislative Council, surprisingly opposed the proposed ordinance by arguing that, "the Chinese should be left alone in their overcrowded and insanitary living conditions because they did not wish to have them improved." In making this argument, Ho was defending the interests of Chinese landlords and compradors against the interest of Chinese workers, thereby helping to ensure the high profit return from the densely inhabited space occupied by the Chinese community and at the expense of the community's public health.

In Hong Kong, then, racial and class divisions were complex and intertwined in often contradictory ways. There is no doubt, however, that such divisions were literally stamped into the landscape and to judgements associated with the presumed virtues of modernization and westernization. Some aspects of the social stratification of society could be clearly read from the various levels of the Peak. Peter Pigott has described the hierarchy of class divisions that was visible on the Peak:

On the highest elevation lived the taipans and senior civil servants. In the mid-level, one encountered the first of the mansions of Chinese [tycoons], North Americans, Eurasians and the Japanese. At the base of the Peak was May Road where the Portuguese Jews, Middle Easterners and Indians lived. There for all the world (or Hong Kong at any rate) to see was your social status .... Simply by giving your address, tailors, barmen and even suitors could gauge your social prominence and lifestyle to the degree.

---

62 Ibid., 153.
63 Ibid., 140.
The class, racial and spatial segregation exhibited by settlement on the Peak was blatantly open and specific. It was governed by the Hill District Reservation Ordinance that forbade Chinese and other non-Europeans from living on the Peak—a provision that was not abolished until 1946. In fact, the Chinese were barred from living, not only on the Peak, but also in the most central residential districts of the city. In 1880, during the heyday of the British Empire, Major-General Edward Donovan explained that “Chinese people gave ocular, auricular and nasal demonstration how unfitted they were for the neighbourhood of Europeans.”65 Prior to the steam-powered Peak Tramway, which was built in 1888, the only form of transport, other than going by foot, that could access the Mediterranean-coast-like Peak, were sedan chairs carried by Chinese coolies. Yet, when tram service was instituted for the Peak in 1888, the Chinese coolies who delivered coal, food, water, and other necessities, to the European residents there, were forbidden to use the service. Instead of facilitating communication between the two communities, the Tram actually increased the spatial and social alienation between the Europeans and the Chinese, by keeping the Chinese far below, and away from, the privileged life of the Europeans on the Peak.

The attitude of the European community towards the Chinese, in Hong Kong, was one claiming ethnocentric primacy, combining a mixture of occasional hostility as well as sympathy. From a perspective of imagined European superiority, the Europeans saw the Chinese as subjects who were meant to be ruled and at the same time ‘improved’ by western civilization. Beneath the surface of the social stability of colonial Hong Kong, there existed a powerful undercurrent of racial and class tensions. It is not surprising, therefore, that the Europeans’ belief in their own superiority was matched by a xenophobic spirit and an anti-foreign resentment, among the Chinese population of the colony.

**Modern Architectural Wonders**

The prosperous cityscape on both sides of Victoria Harbour served to bestow on Hong Kong the reputation of being a modern city. In the period from the later 19th

---

65 Morris, 1985, 141.
Century to the outbreak of the Pacific War in 1941, Hong Kong saw the erection of a number of significant modern architectural landmarks that were the embodiment of colonial sovereignty and of the capitalism that thrived under it.

The urban landscape, proliferating with new or recently built, solid-looking architectural examples, dramatically represented the modernization of the settlement. New, modern utilities and services were also introduced into the colony. The Hong Kong and China Gas Company began supplying gas for public use and services, and for domestic lighting, in 1861; and electricity arrived in the city in 1890.\textsuperscript{66} Telegraph service started in Hong Kong in 1869 and the city’s first public phone system was launched in 1882.\textsuperscript{67} Later, radio broadcasting came in 1928. Regarding modern transportation, the Kowloon-Canton railway was completed in 1910, connecting the colony with Canton (Guangzhou) across the Chinese border in 1911. The first motor-car appeared in the colony in 1912.\textsuperscript{68}

The role of colonial buildings, and of the modern urban infrastructure that appeared in Hong Kong in the second half of the 19th Century and the early 20th Century, was closely linked to the British Empire’s concern to control its political and financial interests in areas of its imperial domain. As the heart and economic command centre of the British Empire in the Far East, and the home of prestigious hongs, firms, and banks that made their fortunes from the traffic and trade in opium, tea, cotton, and other commodities – as well as the export of ‘coolie’ labour - Hong Kong produced city blocks of large-scale commercial buildings that symbolized the colony’s formidable wealth. These commercial buildings particularly included the headquarters in which the hongs, firms, and banks in question ensconced themselves, in the general area of the waterfront, in central, ‘downtown’ Hong Kong. There one could find the old-established hongs, such as Jardine, Matheson & Co., Gibb, Livingston & Co., and Butterfield & Swire; the prominent financial institutions, such as the Oriental Chartered Bank, and the Hong Kong and Shanghai Banking Corporation (known simply as ‘The Bank’). Also

\textsuperscript{66} G.B. Endacott and A. Hinton, 1962, 121.
\textsuperscript{67} Ibid., 125.
\textsuperscript{68} Pigott, 1995, 93.
there were prestigious hotels, such as the Hong Kong Hotel, founded in 1867 and located on the then waterfront of downtown Hong Kong; and other leading, early hotels, such as the Windsor, and the Victoria, in Central, and the Mount Austin, and the Peak, both located on the Peak itself. Later, in the 1920s, but a bit away from central Hong Kong, the Repulse Bay Hotel, on the south side of the island, and the Peninsula Hotel (known as ‘The Penn’), located on the southern tip of the peninsula of Kowloon, directly north across from Hong Kong Island itself were also built. It is revealing to look at a few of these commercial buildings in more details and at some related civil ‘colonial buildings’ that represented the thriving symbols of a modern, yet colonial, international city in the first half of the 20th Century.

A commentator once remarked of the Hong Kong Bank, that “[it] is an extraordinary institution, the product of an unusual history in an unusual place.” In Chinese, the bank’s name also signified an ‘abundance of remittances,’ which became emblematic of the bank’s wealth and financial power. The bank was established in 1864, and its first neo-Baroque-style headquarters in Hong Kong were erected there in 1886. The edifice, “a mere four-stories high and capped with a copper dome,” was considered remarkable for the time. Fifty years later, in 1935, the Bank, which in the meantime had become the most prestigious bank in the Far East, replaced its old home with a modern, 20th Century skyscraper.

Like its branch office in Shanghai, which had been built in 1923, the new bank headquarters in Hong Kong was fully air-conditioned. This building was seen as a spectacular demonstration of the British Empire’s technological achievement. On the roof, there were landing pads for autogyros. The building was constructed using the latest and most advanced construction technology that employed high-tensile steel, a method of construction that had not previously been used outside North America. Edward George Pryor and Shiu-hung Pau notes:

The use of this type of steel meant that the structural framework of the building was much lighter and 40 percent stronger than it would have been

69 Ibid., 97.
with ordinary mild steel. A patent system of hollow tile flooring made from clay blocks was also used for the first time.\textsuperscript{70}

The aesthetic features of the building were a “neo-classical massing and an eclectic range of details culled from the art deco of the Vienna Secessionists, [from] the German Expressionists[,] and [from] the fashionable Egyptian style.”\textsuperscript{71} Modern geometrical forms topped the whole structure, with angular sculptured heads of the “Man of Vision” surmounting the buttresses on the tower. As in the bank’s earlier Shanghai headquarters, the main entrance was flanked by two carved granite lions, snarling and imperious. The interior was crowned by a vast, mosaic, barrel-vaulted ceiling. The mosaic was designed by a Russian émigré artist from Shanghai and was made to order in Venice.\textsuperscript{72} Clearly, this elegant structure was no ordinary building. It was said to be the tallest building, if one was travelling East, between Cairo and San Francisco at the time.

It has been noted that:

\textit{It was a building that at the time would have been noteworthy in New York or London. News of its completion was reported around the world. To have built such a building in a distant Colony was regarded as an astonishing achievement.}\textsuperscript{73}

Such an ‘achievement’ implied both the economic significance of the Hong Kong Bank and also its crucial position in the city’s political landscape.

There was an old saying that sharply captured this political significance that the bank exercised through its connection with the colonial plutocracy. It went: “Hong Kong is ruled by the Bank, the Jockey Club [,] and the Governor – in that order.” The bank had been chiefly founded by the British taipans, in order to finance the requirements of their trading enterprises in Asia; and an intimate relation was retained between the Bank and the territorial expansion of the British Empire and its interests in the Asian continent.


\textsuperscript{72} Iain S. Black, \textit{Between Tradition and Modernity: Hong Kong Building in Hong Kong and Shanghai, 1870-1940}. Quebec: CIEQ, 2001, 5.

\textsuperscript{73} Williams, 1989, 20.
Following the commercial patterns of the Empire, the bank’s operations concentrated on the East Asia and Pacific regions. Subsequent to the bank’s own founding in Hong Kong in 1864 it opened branches in Japan (1866), India (1867), the United States (San Francisco, 1875), the Philippines (1875), China (1877), Singapore (1877) and Thailand (1888). In Hong Kong the Bank acted as the principal central bank. It issued bank notes on behalf of the British administration and was involved in government finances. High-profile foreign affairs in which the bank was involved included membership in the consortia that arranged the Chinese Imperial Government loans used to meet the Japanese demands reparations, following the First Sino-Japanese war of 1894-95; and the supply of capital for some Chinese railway construction projects. Through its commercial activities the bank played a leading role in incorporating the local business networks that were based in Hong Kong into the larger network of imperial capitalism. The Hong Kong Bank, together with other foreign financial institutions, and the presence of foreign capital flows in Hong Kong, was the driving force that propelled the Chinese entrepreneurs and compradors in the colony to quickly adopt the methods, forms, and principles of modern capitalism.

The Hong Kong Hotel, an ornamented, four-storey building of great distinction, stood on the then waterfront at Queen’s Road Central as another symbolic example of a colonial edifice. Opened in 1867 it was a proud address for the colony’s many prestigious sojourners from Europe and North America. Its verandas, balconies, and large windows, that all benefited from the sea breezes, were particularly celebrated. In its heyday, it was said that the Hong Kong Hotel was synonymous with the best accommodation and service in the Far East. Although the hotel was destroyed by fire in 1926 its successors as prestigious hotels in the colony of Hong Kong, namely, the Repulse Bay Hotel and the Peninsula Hotel, opened and began to establish their reputations, during that same decade, the 1920s. The Repulse Bay Hotel, which opened on the south side of the island in 1920, was an enchanting landmark of upper-class social life. Tea parties, accompanied by performance by the hotel’s string orchestra, were held on the long verandah

74 Ibid., 15.
75 Pryor and Pau, 1993, 100.
overlooking the wide sweep of Repulse Bay on the south side of the island. While to the
north of the island across the water, at the very tip of Tsimshatsui in Kowloon, stood the
extraordinary, six-storey, neo-classical Peninsula Hotel, which opened in 1928. 'The
Penn,' as it was known, was a typical ‘destination hotel’ of the period, in which the old
British Empire used to entertain its ‘caravan’ from the ocean liners in the harbour, like
those comparable older imperial institutions, the great hotels, “Raffles in Singapore
[opened 1887], the Galle Face in Colombo [1864], and Shepheard’s [1845] in Cairo.”76
The image presented by the Peninsula Hotel was all about the symbolism of British
colonial culture: tea dancing was held in the hotel’s enormous, ornate, marble lobby;
high-tea was served by tall, good-looking, young naturalized Chinese or European
servants wearing white gloves; and potted palms and delicate wicker chairs with
embroidered cushions were emblematic of what has popularly come to signify ‘colonial’
decor.

Government House, the official residence of the Governor of Hong Kong since
1855, was the command centre of the British colonial administration in Hong Kong. The
House possessed a sovereign location on the so-called “Government Hill,” directly below
the Peak and “looking down to the harbour in a posture of unmistakable authority.”77
Immediately nearby were the military headquarters; the Anglican St. John’s Cathedral,
dating from the late 1840s; and behind Government House, the restricted grounds of the
Hong Kong Zoological and Botanical Gardens, which originally opened in 1864.
Government House was a relatively modest building, built in a noble, neo-Georgian-
style, with rich colonial features, including pillared verandahs and large windows to help
make the tropical climate bearable.

In the heyday of the Empire, the traffic between the homeland and the Colony
was heavy. In addition to serving as the administrative centre of the colony, Government
House was well-known for its social functions, receiving royalty, diplomats, and other
persons of distinction and importance, from Britain and Europe, for whom a visit to Hong

76 Pigott, 1995, 92.
77 Morris, 1985, 137.
Kong had become a vital part of their world-travel itinerary. Government House also hosted local taipans and other persons of importance from the local European community in Hong Kong. Later, the well-heeled Chinese elite also became frequent guests at Government House as they established their social status by submitting their loyalty to the colonial regime.

Sophisticated modern urbanism and symbolic architecture were powerful manifestations of both colonialism and modernism, visible in the landscape of the colony. The taipans' lofty stone houses on the Peak, the headquarters of the British hongs and financial institutions along the central northern waterfront of the island, prestigious hotels, the buildings of the official colonial administration, and the modern urban infrastructure supplying power, transport, and communications: all signified the colonial sovereignty that had so swiftly and completely penetrated the fabric of the landscape. Equally importantly, colonial urbanization and colonial capitalism, worked hand in hand to incorporate Hong Kong, originally a peripheral, colonial port-city and trade entrepôt on the Far Eastern edge of the British Empire, into the imperial metropolitan system. It was in this capacity that Hong Kong came to be included in the 20th Century's hierarchy of 'world cities.'

78 Pope-Hennessy, 1969, 70.
PART III.

TRANSFORMATIONS
Chapter 4.

Decolonizing Shanghai:
From Maoism to Late 20th Century Globalization

The two previous chapters have discussed how Shanghai and Hong Kong both developed as Asian Cities that were internationally renowned by the early 20th Century, largely because of their colonial connections. Both cities represented the face of Anglo-American and European 'modernization' in Asia and both developed reputations as prime destinations for adventurers, free-booting entrepreneurs, and visitors in search of 'exotic' environments that were still relatively familiar. The stamp of empire was found in both cities in their civic institutions, forms of government, rhythms of work and leisure, and even in the spatial organization and aesthetic forms of their built environments. Yet, despite clear hierarchies based on race and class, both cities were also unambiguously Chinese, with large majority native populations. The result was that both cities developed complex hybrid economies and cultures that made them unique and played a significant role as each city followed a different path of development through the 20th Century.

Shanghai’s development is particularly complex because of the city’s lengthy engagement with Chinese communism. Shanghai’s profitable semi-colonialism was interrupted and destabilized by the arrival of the Second World War and by civil war in China. In the Chinese civil war, Mao Zedong’s rural-based communist revolution, against the more urban-based Kuomintang (KMT) government, won a great victory and swept to power in 1949. In June of that year the Chinese Communist Party (CCP) People’s Liberation Army entered Shanghai, ending the city’s capitalist growth. As an anti-
capitalist and anti-colonial movement with largely rural roots the CCP, under Mao, quickly closed the former treaty ports and began a widespread assault on private property, free market principles, and earlier patterns of foreign trade. Mao himself saw Shanghai as a decadent capitalist "sin city" and urged its citizens to cleanse the city of its former excesses. In this context, Shanghai effectively became 'decolonized.' But the process of Communist decolonization had a profound impact on Shanghai’s urban economy, politics, and culture. In order to understand this impact in greater detail it is useful to provide some greater context in respect to the complex nature of Chinese communism and to Mao’s own analysis of social class relations in China.

Shanghai Unloved:
Maoism and the Communist ‘Producer City’

In 1917, when Lenin’s October Revolution ushered in the world’s first communist state, the concept of the class analysis gave Chinese socialists an entirely new perspective. In general, Mao adhered to the Marxian-Leninist definition of the key lines of class difference in capitalism; that is, between the owners of the means of production who purchased human labour power and the class that sold their labour power for a wage. However, China’s economic and social backwardness was far behind Tsarist Russia. After carefully studying China’s social reality, Mao determined that the differentiation of classes in China must be defined according to property ownership, whereas for Marx, classes were defined more broadly in regard to the ownership of the means of

---

1 Prior to Marxism’s introduction to China, Chinese intellectuals believed in social Darwinism as their theoretical doctrinal source and solution to China’s ethnic nationalism. During the first quarter of the 20th Century, China was at an historical conjuncture when ‘vulture imperialism’ turned China into ‘the wretched of the earth.’ Manchu’s and the Republic regime proved to be ‘inferior’ to Western modern states. Intellectual discourses at this time concentrated on the harsh self-criticism of traditional Confucianism, which governed the Chinese state and society and impeded China’s modernization. Many had advocated a complete adoption of Western European civilization. Chalmers Johnson ed. Ideology and Politics in Contemporary China. Seattle: U of Washington Press, 1973, 78.
In this sense, the primary social contradiction in China was allegedly derived from the economic conflict between large landlords and urban bourgeois property owners, on one side, and property-less peasants and the urban proletarian on the other.

In China, sporadic industrialization had only occurred in a few cities and there were not many true 'industrial' proletarians, from a classical Marxist perspective. In fact, the industrial working class in China’s major cities early in the 20th Century accounted for less than 1% of China’s population. The burning issue was not that the number of the industrial workers was relatively small in proportion to its immense population, but “the supposed potential revolutionaries...were not willing to join the struggle, apparently corrupted beyond redemption by the bourgeois atmosphere of the treaty ports, or with their supposed revolutionary vision blurred by that contamination.” On the contrary, the peasantry, who lived in the feudal rural areas, made up the majority of the population and they had not been exposed to the allegedly evil bourgeois and imperial influences of the large cities. To reflect China’s peculiar circumstance Mao emphasized the landless peasantry as the major force in the Chinese proletarian revolution. For example, in his article “The National Revolution and the Peasant Movement,” Mao stated his view of ‘Chinese peculiarity’ clearly:

The peasant movement in China is a movement of class struggle which combines political and economic struggle. Its peculiarities are manifested especially in the political aspect. In this respect it is somewhat different in nature from the workers’ movement in the cities. At present, the political objectives of the urban working class are merely to seek complete freedom of assembly and of association; this class does not yet seek to destroy immediately the political position of the bourgeoisie. As for the peasants in the countryside, on the other hand, as soon as they arise they run into the political power of those village bullies, bad gentry, and landlords who have been crushing the peasants for several thousand years...This is a very important peculiarity of the peasant movement in China today.

---

In other words, the task of class struggle in China was to mobilize the peasantry, who lived at the very bottom of the social hierarchy, in order to overthrow the feudal landlords and urban bourgeois, to expel imperialism, and ultimately to establish a regime with a congress of delegates made up of peasants and workers.

From this perspective, the city was the ultimate target to conquer. Maurice Meisner has pointed out that the city for Mao was not a stage of revolution, but a foreign-dominated stage. The Communist perception of cities centred on the negative images they represented: the bastion of foreign imperial powers where the Chinese suffered from foreign arrogance; the capital-industrial base which serviced foreign profit and exploited workers; the home to compradors and Chinese new urban bourgeois allied with imperial powers; the decadent lifestyle which generated 'social illnesses,' such as crime, prostitution, and urban poverty. In addition, the major cities (mostly treaty ports) were largely controlled by the much corrupted Nationalist Kuomintang (KMT), which not only rejected the idea of class struggle and advocated bourgeois democracy, but also dismantled the CCP’s operational bases in the cities during the 1930s. Having bitter experience in the cities, the Chinese Communists conceived of a revolutionary movement that would pit peasants in the feudal countryside against landlords, and against bourgeois and foreign capitalist interests in the cities.

Mao's strategy of “establishing base areas in the countryside, encircling the cities from the rural areas, and then capturing them” explicitly spelled out the ideology-loaded anti-urban ‘spatial struggle’ in the Chinese revolution. He explained the ways in which the revolution was not ‘urban oriented’ in the following passage:

China is different however. The characteristics of China are that she is not independent and democratic but semi-colonial and semi-feudal, that internally she has no democracy but is under feudal oppression and that in her external relations she has no national independence but is oppressed by imperialism. It follows that we have no parliament to make use of and no legal right to organize the workers to strike. Basically, the task of the Communist Party here is to go through a long period of legal struggle

before launching insurrection and war, and not to seize the big cities first and then occupy the countryside, but the reverse.6

The strategy of ‘encircling the cities from the rural areas’ articulated the imagined great adversary between the two spaces – the city and the countryside. As the people’s revolution, emphasizing the oppressed peasants, the adversary was not unambiguous. Not only did the revolution pit peasant and proletarian against the landlord, comprador, bourgeoisie, and imperialism, it also posited a conflict between the semi-imperial industrial city and the backward feudal countryside. According to the Communist perspective, the city was the most alienated place in China dominated by forms of imperialism and capitalism. The city also nurtured the comprador class, whose interests were tied to foreign oppression. In this scenario, the urban bourgeoisie became prime targets in the revolution. The privileged classes in the city consisted of the minority few, whereas the majority of peasants could be found in the impoverished countryside. Thus, the city itself was cast as ‘reactionary’ and the spatial inequality in China needed to be abolished. Mao provided the following rationale:

There are those who say that the rampant savagery exercised by the compradors in the cities is altogether comparable to the rampant savagery of the landlord class in the countryside, and that the two should be put on the same plane. It is true that there is rampant savagery, but is not true that it is of the same order. In the whole country, the areas where the compradors are concentrated include only a certain number of places such as Hong Kong, Canton, Shanghai, Hankow, Tientsin, Darien, etc., on the sea coast and the rivers. It is not comparable to the domain of the landlord class, which extends to every province, every hsien [county], and every village of the whole country. In political terms, the various warlords, big and small, are all the chieftains chosen by the landlord class… This gang of feudal landlord chieftains … use the comprador class in the cities in order to dally with the imperialists; both in name and in fact the warlords are the hosts, and the comprador class are their followers. Financially, 90 percent of the hundreds of millions of dollars the warlord governments spend each year is taken directly, or indirectly, from the peasants who live under the domination of the landlord class…Hence, although we are aware that the workers, students, and big and small merchants in the cities should arise and strike fiercely at the comprador class, and directly resist

imperialism, and although we know that the progressive working class, especially, is the leader of all the revolutionary classes, yet if the peasants do not arise and fight in the villages, to overthrow the privileges of the feudal-patriarchal landlord class, the power of the warlords and of imperialism can never hurl down root and branch.  

The CCP’s emphasis on eliminating the inequality between the city and the countryside, and its desire to resist the domination of imperialism and capitalism in the cities were particularly appealing to many of the party’s followers. This was so because it spoke both to the population who had roots in the countryside and to those Chinese city-dwellers who suffered from the extremely unequal distribution of the wealth. Shanghai, in particular, was represented as the most rapacious and corrupt metropolis in China. In the eyes of the Communists:

Shanghai is a non-productive city. It is a parasitic city. It is a refugee city. It is a paradise of adventures. In a word, Shanghai is a city where consumption is greater than production; indeed one may even say a city where waste is greater than consumption.  

In other words, Shanghai was represented as a tainted city that the Communist revolution should tame and reclaim.

There is no doubt that all the former treaty ports in China experienced problems during the revolution. By the time the CCP took over Shanghai the city’s economic condition was chaotically unstable under the KMT’s ill-managed fiscal policies. Rampant inflation during the War had totally destroyed the livelihood of Shanghai urbanites. For example, the cost of living had escalated insanely, 58.63 times from May 1947 to July 1948. A sack of rice, which was sold for $12 in the summer of 1937, was sold for 6.7 million in June 1948 and 63 million in August of the same year. As the city’s fiscal sector collapsed, its economy became a barter economy. In addition, the unemployment

---

rate ran historically high.\textsuperscript{10} Even still, a large number of peasants arrived in Shanghai to pursue a job that was virtually not there. Many, “who had starved to death during the night, had to be picked up by trucks.”\textsuperscript{11} As Fei Xiaotong has pointed out, Shanghai’s illness was like “a tumor from which China is suffering.”\textsuperscript{12}

In order to remedy the ‘tumor’ of uneven development, the city, under Mao’s regime, was given a new role as a ‘producer city.’

Foreign control and influence should be eliminated. (Extraterritoriality had been renounced by China’s wartime allies in 1943, but substantial foreign ownership and control as well as cultural influence remained.) Cities should became Spartan and productive places with full employment, secure jobs with a range of fringe benefits, minimal income and life style differences, an end to conspicuous consumption, and lavish spending, and with decent consumption standards for all...private enterprises should give way after a period to socialist property relations, and eventually to the classless Communist society of the future.\textsuperscript{13}

In other words, the city “must be cast in the mode of producers rather than of consumers living off the surplus of the rural economy.”\textsuperscript{14} Thus, in the new China, agriculture and industries such as steel, machinery, textile, mining, manufacturing, which related to food production and to the manufacture of basic necessities, were to be expanded because they were viewed as ‘productive.’ On the contrary, the service sectors, such as finance, banking, trading, retailing, and transportation that, in the Marxian scheme contributed little to the economy, were to be sharply reduced. The socialist hostility to the consumer city was in line with its thinking about downplaying the role of the ‘market.’ The ‘market’ was highly constrained under the planned economy as the prices, wages, supplies of raw materials, production rates, and distribution of goods were tightly

\textsuperscript{10} In the late 1946, Shanghai’s unemployment rate reached 8% and the rate was 20% in Guangdong. Ibid., 500.
\textsuperscript{12} Ibid., 14.
\textsuperscript{13} Ibid., 16.
regulated by the state. Consumption, which manifested the so-called undesirable ‘social illness’ of the pre-communist big cities, was becoming extinct.

To reduce inequalities between the coastal cities and the interior rural areas an ‘interior first’ policy - the First Five-Year Plan (1953-7) - was implemented to decentralize industries from the coastal regions to the inland areas and to the small cities located in the inland provinces. This policy was anti-urban in nature and indicated a profound shift in China’s uneven spatial economy. Factories were transferred from the coastal cities to the inland remote areas and skilful personnel were recruited to work in the rural regions. It was documented that almost two-thirds of 700 large and medium scale projects went to the inland provinces under this policy.\footnote{Ibid., 11.}

Later, the infamous Great Leap Forward campaign (1958-1961) came to embody a more drastic spatial struggle. It was a utopian campaign to “industrialize the countryside, [and] to move the political as well as the social-economic centre of gravity from the cities to the new rural communes”\footnote{Maurice Meisner, 1982, 67.} as a remedy to completely abolish the country-city distinction. Relying heavily on mass mobilization, 26,000 communes and 700,000 advanced agricultural producers’ cooperatives were set up to strengthen the agricultural and industrial output of rural based production units. The idea of the people’s communes was to decentralize governmental and industrial administration from urban-based institutions to relatively autonomous and self-sufficient rural communes. The ideological implication of the Great Leap Forward was apparently also anti-urban. Cadres and urban elites were sent to the countryside to live with peasants in order to acquire the virtues of a ‘hard and plain life.’ Not only did the campaign emphasize the militant productivity of rural labour, but it was also “accentuated by a general celebration of the virtues of rural life and an assault on decadent urban lifestyle.”\footnote{Ibid., 69.} It was a drastic attempt to absorb the significance of the city into the ‘communized rural milieu.’\footnote{Ibid., 72.} Ultimately, though, the goal of a utopian ‘communized society’ failed to emerge as the campaign
ended with disaster. However, the anti-urban policy on spatial economy persisted through the end of Mao’s regime.

Shanghai did not fare well under Mao’s anti-urban and anti-coastal spatial struggle. Shahid Yusuf and Weiping Wu have pointed out:

The coming of socialism pulled Shanghai into a lower orbit. It ceased to be a ‘world city’ with diverse functions and became instead an industrial workhorse for a plan-bound economy. Its growth rate was constrained first by the limitations on investment in light industry and the supposedly ‘unproductive’ services and next by restraints on migration to the city, as well as the transfer of thousands of engineers and technicians to other parts of China.19

Although the social base of the CCP remained the peasantry, its leaders became ‘urbanized’ and the CCP’s political power was centralized in Beijing. Shanghai was put under tight bureaucratic control because of the worry that it might still suffer from ideological and political ‘pollution’ as a result of its former semi-colonization. As the Chinese government centralized fiscal control of revenue sharing, expenditure, and redistribution, which had previously been performed independently by the treaty coastal cities, Shanghai consequently lost its role as a centre of finance, trade, and consumption. Shanghai was re-constituted as an industrial centre and a revenue collection point. The goal of a ‘producer centre’ was to serve the country, so Shanghai “had to demonstrate [its] contribution to the national economy.”20 Because the policy emphasized urban-rural egalitarianism, the existence of big cities was not viewed as “either inevitable or necessarily desirable.”21 The siphoning off of the large cities’ resources to the rural area was a particularly essential task.22 Coordinated with the state planned economy, Shanghai “committed itself to transfer 458 factories, together with 92,000 cadres and staff and 26,000 machines and other equipments to other provinces” during the period of 1964-

20 Ibid., 40.
21 Ibid., 43.
Nevertheless, Shanghai still efficiently achieved its assigned role as a production centre. With policy stressing manufacturing productivity, Shanghai remained a national economic pillar. With its solid foundation of modern industrialization built in the early 20th Century, Shanghai remained the most economically productive city prior to economic reform in 1978. Its economic efficiency shared significant weight in the national economy. With the population only accounting for 1% of the entire nation, the tax revenue that Shanghai submitted to central government was one sixth of the nation’s total and its industrial productivity made up one tenth of the national total. But, in order to ‘serve the nation’ and to avoid over growth, Shanghai would merely retain 13.2% of its revenue for its own municipal spending. During the period 1950 to 1983, Gang Tian commented that: “Shanghai was treated as a ‘milk cow’: a major fiscal contributor” to Chinese economy.

The transformation to a socialist producer city brought significant changes in Shanghai. For example, the imperial banks on the Bund, which signified Shanghai’s former financial status, closed their doors after 1949. All those sumptuous edifices were confiscated by the central government and designated for governmental buildings. Although the buildings on the Bund stood, the official ideology detached from their European façade. The monumentally splendid Hong Kong and Shanghai Bank became the headquarters of Shanghai Municipal Offices. Jardine, Matheson’s building became the offices of the Shanghai International Trading Department. Victor Sassoon’s glamorous Cathay Hotel was conferred to a state-own enterprise and was renamed the Peace Hotel. Races were never held again in Communist Shanghai. The Shanghai Race Club’s racecourse in the city centre became the People’s Square and the People’s Park. The cabarets, which symbolically represented the colourful nightlife and the decadent charm of the modern city, closed their doors, simply because this form of entertainment was considered the evil influence of foreign domination.


Yan Kang, *Jièdu Shanghai 1990-2000 (Reading Shanghai)*. Shanghai: Shanghai rémin chubānshè (Shanghai People’s Press), 2001, 28. Approximately, it was accounted for 86.8% of its tax revenues were devoted to central government.

In addition, other urban leisure activities were frowned on by the new socialist regime. The various fashionable novelties and tempting commodities that once filled the Nanking Road were almost extinct. This was due not only to the fact that conspicuous consumption was discouraged, but also to the rigid taboos that were implemented on all forms of clothing that did not conform to the official ideology.26 Shanghai’s bustling street scenes experienced dramatic changes. Martin King Whyte and William L. Parish offered this observation: “Signs were absent or small, rarely neon, and wares were not displayed to tempt the eye, for there is no need to compete for customers in a socialist economy. Most of the roving peddlers and hawkers were gone or had merged into larger cooperatives where the customers came to them...the variety of shops and restaurants had declined...”27 The modern Shanghai-style, “that was brash, flashy, and unapologetically luxury-loving”28 was prohibited. Additionally, with very limited investment in the city, Shanghai’s urban infrastructure and housing and public facilities were not improved after 1949. ‘Productive’ enterprises were given priority and funds were rarely invested in civil infrastructure or housing to improve living conditions. For Chinese socialist eyes, investment on the civil infrastructure and housing was seen to be useless for the economy. As a producer city, Shanghai was meant to be sedate, down to earth, and no different from other producer cities in China.

Reform and the Open Door:

The Re-birth of the Coastal Cities

The Maoist vision of spatial economy came to an end after Mao’s death in 1976. In Communist China the official ideology was closely linked to the central leader. In the historic Third Plenum of the Eleventh Party Congress in December 1978, Deng Xiaoping, who had now asserted his leadership in the CCP, declared ‘Reform and Open Door’ (geige kaifang) as new national guidelines. Deng’s idea of reform, which emphasized economic prosperity, was to replace the command economy by implementing pragmatic

27 Whyte and Parish, 1984, 37.
doctrines of the ‘market economy’ in order to achieve rapid modernization. In stark contrast to Mao’s pursuit of grass roots revolution, and to the utopian goal of egalitarianism, an ideological reorientation was necessarily required to legitimate Deng’s neo-liberal minded reform.

Deng believed that the ‘social contradiction’ resided in the material and technological bases of production, rather than the social relations of production, as Mao stressed. As a result, Deng rooted out the principle of class struggle, the once basic tenet of the Maoist view of historical evolution, and championed the development of production forces as the primary determinant of the history.\footnote{Michael Ying-Mao Kau and Susan H. Marsh, \textit{China in the Era of Deng Xiaoping}, Armonk: ME Sharpe, 1993, xix.} In addition, China’s economic situation also provided impetus and urgency to Deng’s revisionist ideological approach. By the time that Deng came to power, China was plagued by severe economic stagnation "brought about by years of excessive centralization and bureaucracy, sagging productivity and product quality, and sluggish growth, along with a steady deterioration of the country’s industrial infrastructure."\footnote{H. Lyman Miller, \textit{Science and Dissent in Post- Mao China}. Seattle and London: U of Washington Press, 1996, 35.} As a remedy, Deng and his allied reformists saw the mechanism of the market as the most efficient way to recast the growth of the economy, to end poverty, and to facilitate socialist modernization. Because this market reform radically deviated from the legacy of Maoism, Deng justified the new Party line by proclaiming it to be ‘Socialism with Chinese Characteristics.’ Economic reform included various schemes of economic decentralization to break down the rigidities of the central planning system and to introduce the market mechanism. But, the reform was not congruent with political reform. The Chinese Communist Party state remained politically dominant and retained tight control in vital sectors of the economy and society.

In practice, the initial reforms consisted of agricultural reform (1979-1984), urban reform (1985-1989), and a more ‘open door’ policy. The goal of agricultural reform was to raise rural income in order to further reduce the urban-rural divide. To break down the collective system, a ‘household contract responsibility system’ was implemented. Under this household based system, rural communes were dismissed and land was redistributed to peasants by the production team. With their own portion of land, peasants followed
contracts to calculate personal initiatives and material rewards, and they were allowed to sell their surplus produce to the market. The increase of the prices of agricultural goods via government adjustment consequently raised rural incomes. In order to reinforce the marketization of the rural economy peasants were encouraged to operate a variety of agricultural enterprises and any rural surplus was allowed to shift to non-agricultural employment. By and large, these rural reforms proved effective in reducing (but not eliminating) the income gap between city and countryside. Nevertheless, the marketization of the rural economy also sharply widened economic inequality in the countryside itself. Deng’s policies created conditions for the development of a new rural bourgeoisie and also created a growing number of propertyless workers who began to flock to Chinese cities in search of better opportunities.

Urban reform, in contrast, concentrated on the marketization of large state-owned enterprises that had operated under rigid bureaucratic centralization and political control for decades. The allocation of resources previously conducted by means of government administration was now mainly determined by the market, and key parts of state-owned enterprises were transformed into non-state owned enterprises. In this process, unprecedented autonomy in matters of raising funds, marketing, wages, labour contracts, pricing, and profit distribution was granted to the enterprises to accord to the market mechanism. More complicated than rural reform, the marketization of urban industrial sectors involved the redistribution of industrial resources and a devolution of the bureaucratized economic and political power that had proven to be so amenable to corruption. More importantly, this was a process of breaking the ‘iron rice bowl’ and commodifying labour. Millions of workers who were employed by the state-owned enterprises would no longer enjoy lifetime job security and welfare benefits (such as health care and retirement pensions) that were once guaranteed by the ‘iron rice bowl.’ At the same time, private entrepreneurship and small enterprises were promoted in the cities to deepen the market economy.

Especially significant was the far-reaching effect of the metaphoric ‘Open Door’ policy that had accelerated economic development and open trade to foreign countries in the coastal cities. China’s turn to a ‘market economy’ gave priority to the coastal urban
areas. Unlike the previous regime, which had established limited trade with the Soviet Union and East European socialist countries in the interior cities by rail, the open door was meant to re-establish trade and technological transfer with Western and East Asian countries by sea. In 1979 the central government designated Shenzhen, Zhuhai, Shanton, and Xiamen, four coastal cities in South China near Hong Kong and opposite Taiwan, as Special Economic Zones (SEZs). The mission of these SEZs was three-fold: to attract foreign capital and joint venture investment; to introduce advanced technology and managerial expertise; and to pilot market-oriented reforms. These SEZs were granted unprecedented economic and policy privileges not accorded to other cities and they were allowed to experiment with a market economy with relatively limited government intervention. The local governments provided tax and profit incentives to both domestic and foreign investment and had a comparatively free hand to conduct foreign trade in the SEZs. This strategy was a prelude to the official abandonment of Maoist urban policy.

Yet, the Chinese central government was reluctant to open up the country’s largest and most economically-productive cities, such as Shanghai and Tianjing, at this time. In 1980, the State Council sanctioned ‘Urban Planning Regulation’ to serve as the guiding principle of urban policy in the 1980s. The policy aimed to “contain the growth of the large cities, to develop medium-sized cities rationally and to promote the growth of small cities.” China’s policy-makers were concerned about the difficulty of controlling the large cities in the experimental stage of economic reform. Medium-sized cities were seen to have “fewer social-economic problems and better potential to overcome their difficulties compared with large cities.” Additionally, if anything went wrong, the situation in the medium sized cities would be easier to control and manage. The underlying logic also involved a sensible political concern about the role of the large cities in the national economy and their relationship with the central government. For example, in the case of Shanghai, the central government was not willing to “let this cash cow go free,” because Shanghai contributed so much to national revenue income.

31 Sun Sheng Han, Controlled Urbanization in China. Diss. Simon Fraser University, 1994, 35.
32 Ibid., 37.
Loosening up central fiscal control in Shanghai would have had an unpredictable impact on the national budget.

Another issue had to do with Shanghai’s past legacy as a powerful treaty port. Politically speaking, the central government was worried initially that Shanghai might once again “grow into a rival power base” if there was a revival of the city’s capitalist tradition.33 Early on in Deng’s reforms the government in Beijing was worried about maintaining central control while loosening its grip on the market. The challenge was to insure that the capitalist path of economic reform should not threaten the sovereignty of the CCP and the party’s control over major sectors of the economy. In this sense, given Shanghai’s ‘bashful and polluted’ capitalist past, and its status as an industrial and financial heartland in China, Shanghai’s restricted role in the early stage of the reform was very revealing.

Nevertheless, economic conditions in the city started to loosen up from earlier restrictive regulations that limited Shanghai to an industrial production centre. Zhao Ziyang, Deng’s close ally and the Prime Minister of that time, endorsed a new role for Shanghai. In the Fourth Meeting of the Fifth People’s Congress in 1981, Zhao stated, “the large cities and mid-sized cities must be the foundation and serve to form various kinds of economic center and organized economic networks.” Zhao believed strongly that Shanghai should acquire additional functions to help the national economy and to be the catalyst for an opening of Chinese markets to the world.

By the mid-1980s, the four SEZs, and Shenzhen in particular, showed encouraging results. Located next to flourishing Hong Kong, Shenzhen, had been designated as a ‘showcase’ to assure Hong Kong about China’s intention to permit continued capitalism, and to promote the feasibility of the ‘one country, two systems’ approach after Hong Kong’s eventual return to China. Shenzhen’s economy boomed

33 Tian, 1996, 35.
vigorously. By the end of 1984 Shenzhen had attracted 69% of the total foreign direct investment (FDI) in China.\(^{34}\) Some 90% of this investment came from Hong Kong.

Rapid market-based industrial development was accompanied by a large increase in population. The local population jumped from 333,600 in 1978 to 870,400 in 1984.\(^{35}\) The average wage was twice the level of the other Chinese cities. In Deng’s first South Inspection Tour in 1984, he was convinced by Shenzhen’s prosperity and urged that the SEZs should be expanded and run in a “faster and better way.” Later that year, the State Council sanctioned 14 coastal cities, Tianjing, Shanghai, Dalian, Qinhuangdao, Yantai, Qingdao, Liangungang, Nantong, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang, and Beihai to be opened to foreign investment. In 1985, the Yangtze River Delta, the Pearl River Delta, and the Xiamen-Zhangzhou-Quanzhou Delta, all along the coastal areas, were designated as Coastal Zones (CZs) and were subsequently opened up for trade and FDI. In a way that echoed Deng’s open door policy, Zhao Ziyang stressed:

> it was a great and far-reaching decision to demonstrate the superiority of the policy and to accelerate the development of the coastal areas, and in promoting the modernization program throughout the country; the trend is to open more areas; three different forms will be developed: SEZ, economic and technical exploitation zones, and coastal cities, which will be granted greater self-decision power in utilizing foreign capital and carrying out technical transformation and cooperation’ the coastal opening will rely on central policy for support, but no funds will be available; that policy is to ensure that our taxation and markets are attractive to foreign capital and businessmen, and self-decision power is granted to the coastal areas in carrying our foreign economic and technical cooperation.\(^{36}\)

This opening of the coastal areas and the major big cities ran contrary to Maoist principles. The ‘interior-first’ and the ‘third front construction’ policies, which were devoted to reducing regional inequality from the 1950s to the early 1970s, were virtually abandoned. In addition, although rural reform significantly increased peasants’ income at


the outset, this situation changed when urban market reform and the opening of the major urban centres began in 1984. On the one hand, the incorporation of the marketized rural economy into the urban-based system of capitalist relations, and the subsequent result of inflation, greatly marginalized peasants' profit. On the other hand, new economic incentives and desirable industrial jobs were being created in the open coastal cities. Thus, economic inequality between the city and countryside, especially between the coastal cities and the inland rural regions, was far greater than during Mao's reign. The city was placed on the top of a new spatial economy and was imbued with new ideologies. As the city became a thriving laboratory to practice the 'market economy,' the profit principle, preference for private and foreign enterprises, and the competitive free market, became the underlining ideological rationale for urban development.

Ironically, the newly open urban areas soon began to function like the treaty ports of the late Qing and the early Nationalist eras; that is, as industrial enclaves ideologically and economically separated from the rest of China. Maurice Meisner makes this point when he notes how the opening to external trade and the pitch for the foreign investment in the SEZs had "[revived the] practices uncomfortably reminiscent of life in the foreign dominated treaty ports during semi-colonial times." He goes on to point out:

The special zones were embarrassments from the outset, on both socialist and nationalist grounds. At a time when the Beijing regime still felt a serious need to claim socialist credentials, the economies of the zones were frankly and indeed savagely capitalist—and to compound the ideological dilemma, the government had proclaimed that the zones would be models for the "reform" of all of urban China. Moreover, the zones were places where Chinese workers were exploited by foreign capital and where Chinese servants catered to privileged foreign residents. And the zones were breeding grounds for official corruption, both on the part of local government and for the entrepreneurial-minded sons and daughters of high Communist Party officials who used their political influence to enrich themselves in the import-export trade and other business dealings.  

38 Ibid., 457.
It is a further irony that Deng's economic reforms, although conducted under the banner of socialism were mounted at the expense of the fading Maoist legacy. The fact remained that the socialist peasant revolution, which led China to become a socialist country, simply gave way to an urban-oriented top-down program of reform, which deliberately integrated China into the capitalist world economy.

Despite the urban-oriented approach of Deng's reforms, and the gradual incorporation of Shanghai into them, Shanghai did not benefit much in the first decade of economic reform in comparison to its southern counterparts. The cities and zones in Guangdong and Fujian were initially at the forefront of China's attempt to revitalize its economy. With official backing from Beijing, southern provinces had been granted more autonomy over economic matters than Shanghai. Even Zhao Ziyang, who favoured an extension of reform to Shanghai, had been a supporter of the idea of initially reforming the southern provinces over Shanghai. Indeed, extensive social and economic networks with Hong Kong and Taiwan, as well as an inflow of capital from Hong Kong and Taiwan, and a steady supply of cheap labour from the countryside, had made Shenzhen and Guangzhou major metropolitan centres in the South China. By contrast, Shanghai's economic growth was behind the Pearl River Delta area. For example, during 1986-1990, Guangdong's GDP reached an average growth rate of 12.5% per year, whereas the growth rate in Shanghai was merely 5.7% per year. Moreover, Guangdong stole the lead over Shanghai in the volume of trade value and in the amount of the FDI. During the same 5 years, Guangdong's trade value scored 57.9 billion, compared to Shanghai's 33.7 billion. Likewise, Guangdong attracted 9.5 billion in FDI, almost 6 times that of Shanghai's 1.6 billion. The consequence had been that some industries such as textile, food processing, and other light industries that Shanghai used to dominate for more than a century, had been surpassed by those Southern newcomers.

Shanghai was still restrained in implementing economic reform compared with the southern provinces even after 1984. The central government was still reluctant to unleash Shanghai's economic autonomy and felt the need to reaffirm 'socialism' in the

39 Yan, Kang, 2001,
largest city in China. In addition, for Beijing authorities, Shanghai served as a pillar of the planned economy, and this role continued after 1984. From the 1950s to 1984, Shanghai contributed more than 85% of its revenue to the central government.\textsuperscript{40} Even after a new fiscal arrangement in 1988, Shanghai’s fiscal obligation was reduced to 66% of its total revenue, still far higher to Guangdong’s 12-15%.\textsuperscript{41} Thus, because of the heavy remittance and the fear of fully releasing the power of Shanghai’s economy, the city’s economic development continued to lag behind its Southern counterparts. The city barely sustained itself on the scale of the old colonial Shanghai. Urban infrastructure was old and deteriorating, housing was poor and urban amenities were underdeveloped. A popular saying of the late 1980s was: ‘Shenzhen is Hong Kongized; Guangdong is Shenzhenized, and the whole of China is Guangdongized.’ This explicitly expressed the growing status of the ‘new’ modern cities in the Pearl River Delta. Paradoxically, by the end of the 1980s, Shanghai, once China’s foremost world city, was in a state of crisis.

Globalization as the Official Ideology: A Neo-Liberal Shift

By the end of the first decade (1979-1989) of Deng’s economic reform, scholars in the field of China studies were reluctant to recognize Deng’s capitalist leanings and, in many ways, they still put faith in Deng’s ‘Marxism.’ In 1987 Stuart R. Schram noted:

Many things divide the China of Deng Xiaoping today from that of Mao Zedong two decades ago, but one thing has not changed a jot: the goal of learning from the West, and from Marxism in particular, in order to find a way of modernizing while remaining themselves.\textsuperscript{42}

In hindsight, this statement sounds rather odd. It seems true to say that both Mao and Deng shared “the goal of learning from the West.” But for Deng, the lesson seemed to come from western capitalism. This is not to say that Chinese socialism never had any

\textsuperscript{40} Shanghai Jingji Nianjian (The Economic Yearbook of Shanghai), 1989, 457-77.

\textsuperscript{41} Tian, 1996, 45.

appreciation of the accomplishment of western capitalism and modernization. Notably, for example, the intelligentsia of the May Fourth Movement in 1919 lauded western science and democracy, but at the same time were hostile to western imperialism and capitalism. After 1949, with the formation of the People’s Republic China, China turned against the imperialist and capitalist West. Yet, as socialism and Marxism were supposedly adopted in Mao’s regime, the Soviet Union initially became the other ‘West’ that China looked to for lessons. However, under Deng’s leadership in the 1980s, Marxism was seen to be obsolete and capitalist methods came to dominate the economy. Although Deng reinterpreted the party line as ‘socialism with Chinese characteristics,’ actions spoke louder than words. (Paradoxically, if ‘socialism’ still existed in China, it was redundant to emphasize ‘Chinese characteristics’ in order to justify ‘socialism.’) The efforts to espouse free market capitalism not only allowed socialism little operational significance in economic reform, but also explicitly distanced Deng’s China from Marxism and Maoism. Nevertheless, because ‘socialism’ was retained as an ‘official’ ideology and form of political practice, these appeared to be no reason for ideological reconstruction during the 1980s. This ambiguity bewildered scholars and commentators alike because the CCP leadership could not readily explain their seemingly contradictory position.

After the Tiananmen Square Movement (1989), Deng sought to end the ideological debates between the leftist and rightist sides of the Party. When Deng determined to arduously learn more from the ‘West’ (particularly from capitalism) his idea was celebrated. Mao himself had labelled Deng ‘a secret capitalist roader’ during the 1970s – an insult that appears rather prescient. Years into the new decade, ‘socialism’ continued in China only in name. In the area of the economy, neo-liberalism began to take its place. This bold economic and ideological shift has had profound implications for China’s spatial economy in general, and for Shanghai in particular.

The Tiananmen Square Movement and its aftermath provided an intriguing social and political context to legitimate neo-liberalism in China. Stimulated by social inequality and bureaucratic corruption, as well as an increasing devolution of political and economic power, students and workers marched in the streets demanding democracy
and political reform. Because this movement was shockingly concluded by a violent crackdown and, because it was led by students, the Tiananmen Movement was often represented and interpreted by the international media as a broad-based demand for democracy, in general. However, the situation was much more complicated. The protest mobilized various groups of people, but their demands to the government were far from clear, nor were they unified. In particular, neo-liberal interest groups, who called for radical privatization and further devolution of economic and political power, and who were typically opposed to popular demand for social equality and democracy, also joined the ‘pro-democratic’ movement. Deng’s economic reforms, based on market expansion and liberalization had created new interest groups within the state structure who had a vested interest in the devolution of economic and political power. These neo-liberal interest groups consisted of many intellectuals, technocrats, state officials, and enterprise leaders who had established close relationship with the government and benefited greatly from Deng’s policies. On this point, Wang Hui has saliently pointed out the ambiguous and dual role of neo-liberal interest groups in the student movement.

...because of the collusive links between the most conservative wing of the movement (namely, the interest group created through reliance on the transfer of power during the course of privatization) and the world forces of neo-liberalism, the interpretation of the 1989 social movement in the world at large has developed on a direction advantageous to those interest groups advocating radical privatization. This group has used its status as real “radical reformers” to mask its complicated relations with state power and various interest groups, to mask the true interest at stake in this process, and to present itself to the world as a progressive force moving toward the world market and democracy.43

These neo-liberal interest groups influenced authorities to take the direction of neo-liberalism in ideological debates when the Chinese government experienced an imminent need to legitimate the polarization of classes and social inequality caused by the devolution of political and economic power.

It is significant to note the apparent case with which neo-liberalism found an affiliation with authoritarianism in China. That is to say, the neo-liberal interest groups typically had very weak connections with the popular demand for democracy. Allied with the state authorities, a strengthening neo-liberal elite held the view that a monopoly on political power was necessary to ensure the stability and unity of the society and to guarantee the process of marketization under the guiding premise of party policy. Democracy in this view was a secondary and reductive consideration at best. Once economic prosperity was achieved in the society, the argument ran, the state could be made less authoritarian. In this sense, both neo-liberals and neo-authoritarians possessed a fallacious view of the relationship between democracy and market economy. Zhao Yuezhi has summarized the neo-liberal view as follows:

...China was not ready for democracy, claiming the people have inadequate political skills and a weak sense of citizenship after centuries of paternalist rule. They maintained that democracy can be achieved only after a transition period of authoritarian rule and that economic growth cannot be achieved simultaneously with democratization. According to their thinking, the development of a market economy under neo-authoritarian rule will necessarily lead to a democracy because "a democratic regime and a market economy are like twins." They promoted the idea of the need for a middle class of independent entrepreneurs, bureaucrats, and technological and cultural elites capable of securing and maintaining the foundations for democratic government to become the dominant forces of society.44

Yet, this view was never sufficiently clear about how democratization can be achieved under neo-authoritarian rule. If "a democratic regime and a market economy are like twins," then why could not they coexist in the first place? This kind of thinking was built on a rhetorical absurdity. As much as it appeared to be liberalism, in name, it was nonetheless allied with resolute conservatism.45 This mutual entanglement of neo-

---

44 Yuezhi Zhao, *Media, Market, and Democracy in China: Between the Party Line and the Bottom Line*. Urbana: U of Illinois Press, 1998, 42. There were divisions of Chinese intellectuals who belonged to the wide spectrum of neo-liberalist (reformers), such as political elites, technocrats and entrepreneurs. The democratic group who marched to the street in 1989 did not fit into the category of neo-liberal camp, as they claimed that reforms essentially lay in stressing the ideas of participatory democracy.

45 Hui Wang, 2003, 81.
liberalism and neo-authoritarianism continuously consolidated the privilege of economic and political elites and exacerbated social inequality.

After three years of ideological struggle between the Party’s reformers and hardliners (rightist and leftist), the Party reformers led by Deng finally conferred the union of economic neo-liberalism with political authoritarianism as a new ideological dogma. In 1992, Deng called for a speeding up economic reform by encouraging faster economic growth and boldness in experiments with marketization. He took a radical step by intervening in the ideological debates between the so-called rightist and leftist sides within the CCP and aimed to clarify the muddled quarrel about whether Chinese economic reform was ‘capitalism’ or ‘socialism’ in nature. “Rightist is undesirable,” Deng remarked, “yet the leftist is posing more imminent danger.” To de-ideologize the notion of ‘market,’ he asserted that ‘market’ was merely a means to gain development. The market, Deng asserted, “does not determine whether a system is capitalist or socialist.”46 Equally important, Deng did not forget to adhere to the line of neo-authoritarianism. Referring to Singaporean authoritarian rule, he stressed that

[Not] only should we push up the economy, we should also create a good social order and a good social mood...Singaporean society is good, because the country put it under strict control, we should learn from its experiences and should exercise better management of society.47

The conclusive remark to end the decade of the 1980s was clear: a yes to economic reform and no to political reform. In others words, the economy alone became an ideological principal focus to resurrect the support of the masses to the CCP and to achieve social stability.

With the top leader vowed to deepen marketization China was swept up in a tidal wave of neo-liberal development. By the early 1990s earlier experiments with markets were accelerated. For example, three major markets in the core areas of commodities, stocks and securities, and real estate were soon opened up to absorb FDI. Foreign trade

46 Zhao, 1998, 47.
came to be more and more managed by mechanisms of competition and the assumption of responsibility for profit and losses. Such further liberalization was not without its spatial dimension. Various SEZs and regions were all put on track to open. First and foremost, Shanghai Pudong was fully opened and was placed in the forefront as a new driving engine to rekindle the post-Maoist economic boom.

As noted earlier, there were people who advocated for the opening up of Shanghai, as early as the 1980s. For example, the former mayor, Wang Daohan, had proposed a large-scale Shanghai Pudong proposal to the central government. Yet, the bold proposal was not approved by the central leaders, as some of them believed “this idea to be a re-instalment of the foreign settlements.” To be sure, in the early experimental stage of economic reform, Wang Daohan’s plan appeared too risky. In that sense, Shanghai’s semi-colonial past was a shackle on the city, well into the 1980s. Even the designation of the three small SEZs in Shanghai, Hongqiao, Minhang, and Caohaijing, had waited until 1986 to be approved by the central government, seven years behind the SEZs in the southern provinces. However, the harsh political climate following the Tiananmen Incident ironically proved to be advantageous for Shanghai’s development. Deng’s decision to unshackle Shanghai, in part, concerned Hong Kong’s enthusiastic support of the Tiananmen Incident. An article in the Economist noted:

What kicked Shanghai back into the forefront of China’s modernization was in part Mr. Deng’s renewed itch for speedy growth, but more directly his distrust of Hong Kong—a sense that had been quickened in 1989 when Hong Kong staged huge demonstration of popular support for the democracy protests in Beijing that culminated in the Tiananmen massacre... From Beijing’s point of view, Shanghai would make a safer

49 Ibid., 78.
powerhouse for Chinese development than Hong Kong ever could, because it can be controlled easily – or so it is hoped.51

Hong Kong’s massive support for the dissidents in the June Fourth Incident raised Chinese government’s skepticism about Hong Kong’s loyalty after 1997. Consciously or not, Deng arguably contemplated having a financial centre in the Chinese mainland proper, in order to curb Hong Kong’s recalcitrance and balance out its economic influence.52 This suggested a subtle political context for inter-urban competition between Shanghai and Hong Kong beginning in the 1990s. In contrast to Hong Kong, Shanghai’s student rallies supporting the Tiananmen movement were well controlled by the Municipal Government without causing additional public unrest. Thus, Beijing’s ardent support for Shanghai was enhanced. Deng was impressed by the characteristically ‘obedient’ nature of Shanghai people. He said: “The mindset of Shanghainese is obedient, it is an inexhaustible force to construct socialism.”53 In addition, the Tiananmen crackdown resulted in the downfall of the former Secretary General of the CCP Zhao Ziyang, who had recognized an expansion of Shanghai’s ‘functions,’ but had also previously pushed for greater support for the southern provinces. Zhao’s lenient approach toward the student demonstration dissatisfied Deng and the Party’s elders. He was purged and removed from all posts in May 1989.

After Zhao’s fall, a group of leaders known as the ‘Shanghai clique,’ ascended into the core of the Party. This further consolidated Shanghai’s growth as the nation’s first priority. Former President Jiang Zemin, who was the mayor of Shanghai from 1984-87 and held the seat of the Party Secretary of the city from 1987-1989, was appointed the Secretary General of the CCP in June 1989 to replace Zhao Ziyang, right after the Tiananmen crackdown. His successor, Zhu Rongji, was a senior technocrat who served the mayor of Shanghai and successfully suppressed the student rally without extensive violence. Zhu was promoted to Beijing as the Vice Premier in 1993 and eventually

51 “City of Glitter and Ghosts.” *The Economist* 333.7895 (December 24, 1994) 40-42. 

52 Yeung and Hu, 1996, 79.

became the Premier in 1998. Moreover, other members of the Shanghai clique, Wu Bangguo and Huang Ju, successors of Zhu, were also appointed to the CCP Politburo, the Party’s highest decision marking organ, during the 1990s. Throughout the 1990s, the ascendance of the Shanghai clique to the centre of Chinese political power reached an apex.

‘Marching Toward the World:
‘Remaking’ Shanghai as Manhattan of the East

In the context of post-1989 neo-liberalization, Shanghai’s global city discourses were centred in a storm of ideological debates. For the first time, Deng Xiaoping openly addressed his plan for Shanghai in March 1990. He said: “It is our strategy to grasp Shanghai in our hand. Shanghai is our trump card. To establish Shanghai is a short-cut of Reform.” On April 18th 1990, in the opening ceremony of the new Shanghai-Volkswagen Manufacturing plant, Premier Li Peng officially announced the opening of the Shanghai Pudong New Area. However, this reform strategy was not mounted without criticism. For example, Left wing hardliners brutally attacked the wave of ‘bourgeois liberalization’ in the aftermath of the 1989 pro-democratic movement. Deng, and the Shanghai reformers, launched a counter campaign in Shanghai’s municipal party organ Liberation Daily in March 1991. A series of commentaries written by Huang Fuping (pen name) were published to criticize the impediment of ‘conservative ideology’ to the progress of economic reform. This campaign positioned the opening up of Shanghai as a vanguard for progressive and forward-thinking ideology.

With official endorsement from the top leadership, the Fourteenth Chinese Communist Party Congress sanctioned the Shanghai Pudong project in October 1992. The Shanghai Pudong project, “grand in concept and bold in design,” was positioned in the forefront of National Reform. Jiang Zemin, the Secretary General of the CCP and President, assigned Shanghai a role of leadership in China’s ‘new’ spatial economy. He

stated: “Shanghai Pudong must be the principal economic ‘dragon head’ of Yangzi River Valley.” The primary task for Shanghai’s further reform was:

> to seize opportunities of development and opening of Shanghai Pudong, and to build Shanghai as the dragon head and one of international economic, finance, and trade centre, so as to drive the growth of the Yangzi River Basin and in turn to take off the whole economic region.\(^5\)

Shanghai’s role in China’s Economic Reform had shifted noticeably. From an industrial ‘producer city’ Shanghai was now to strive to be a global vanguard city. A slogan was soon formulated by the Shanghai Municipal Government (SMG), “Revitalizing Shanghai, Developing Pudong, Serving the Country, and Marching toward the World.”

It is worth noting that this policy shift that moved the locus of reform privilege from the Pearl Delta to Shanghai was not uncontested. The attention given to Shanghai further articulated the ways in which spatial privilege had long been granted to the urban coastal area, where wealth had concentrated since the beginning of the reform. The new policy also explicitly situated Shanghai in highly competitive position against the rest of the China. The “competitiveness of Shanghai vis-à-vis the rest of China” is a new phenomenon ever since the founding of the PRC. Overall, Shanghai had been ideologically pacified, and, as Kerrie L. Macpherson has pointed out, Shanghai had:

> been perceived as either a negative model of potential development due to its ‘unplanned’ growth under foreign influence from 1842-1945 (including the Japanese occupation of the city) and the failure of the purported corrupt Guomindang to implement the ‘Greater Shanghai Plan’, or subsequently, as a model of a socialist city, that the rest of China’s metropolises have been exhorted to emulate. Nevertheless, since 1949, there has been little appreciation that a more continuous course of urban planning and development coping with the problems of metropolitan growth have marked Shanghai’s rise to pre-eminence.\(^6\)


\(^6\) MacPherson, 1994, 62.
Shanghai’s new favoured position had created intensive competition amidst SEZs and other major cities, and propelled the sanction of a plethora of new SEZs. The governments at different levels anticipated that Shanghai would garner the lion’s share of foreign investment that might otherwise be invested in their cities. Thus, local officials were forced to seek more political and financial autonomy in order to compete for a limited pool of investment money. Consequently, an SEZ fad ignited in the beginning of the 1990s. Statistics indicated that there were 2,800 development zones nationwide by 1993. A run of intense inter-urban competition that had never before happened in China was stimulated by the potential threat of opening Shanghai.

Apart from being the ‘dragon head,’ Shanghai’s distinctive role in the post-1989 ‘national reconstruction’ bore residues of its earlier status as a ‘colonial world city.’ Deng was not at all reluctant to revive Shanghai’s experience as a ‘colonial world city.’ In his thinking, Shanghai must take on the role of financial capital as it was in the 1930s. He urged in 1993:

Shanghai used to be a financial centre, where different currencies could be exchanged freely. Shanghai must resume its role as a financial centre. China has to rely on Shanghai to attain international seat in finance. It will take a couple years to achieve this status. We have to start working on it right now.  

Deng’s attempt to rehabilitate Shanghai’s colonial legacy was not a nostalgic reaction so much as a profound shift in ideological direction. As Zhao Yuezhi has observed, market liberalism, political authoritarianism, and state nationalism have become the new dominant ideological forces in China. Market liberalism operated hand in hand with state nationalism by glorifying Shanghai’s colonial legacy to legitimate neo-liberal globalization. Deng’s nationalist vision aimed to restore China to a position of wealth and

58 Kang, 2001, 12.
power in the world. In this sense, the post-1989 national reconstruction was partially a response to a deep post-colonial complex.

In this complex there is always a Western adversary; no matter if the threat is tangible or imaginary. In the 1930s, Shanghai was very much a product of western imperial capitalism. The foreign ‘threat’ to China was very real. The irony is that the depth of colonial resentment in China has been a major factor in stimulating the drive in China to embrace global capitalism. The irony lies in the fact that China’s colonial experience was shaped as much by capitalism as westernization. Now the drive to redress one aspect of the colonial experience is so intense that it has blinded China’s leaders to the dangers of the other part. Shanghai Pudong, for example, will not achieve something peculiarly and genuinely Shanghai; instead, the project will arguably be an emulation of Euro-American led neo-liberal capitalism. Under Mao, the socialist producer city was viewed as a strategy of decolonization that would give Shanghai a more distinctive ‘Chinese essence.’ Following Deng’s reforms, since the 1990s, Shanghai has embraced a program that attempts to promote a Chinese essence by ‘Marching Toward the World’.

One significant barrier to Shanghai’s redevelopment in the 1990s was the terrible condition of its infrastructure. After 1949 urbanization was ‘frozen,’ as nine tenths of the city’s revenue was committed to Beijing to assist in the modernization of the rest of the nation. As Marie-Claire Bergere put it, Shanghai became an “inward-looking and parochial community.” In addition, as the wave of nationalization converted private property into public housing, organized by divisions of work units. Shanghai’s history as a vibrant modern city became no more than a memory. Elizabeth J. Perry has noted how collectivization even led to a spatial transformation in Shanghai’s alleyway houses:

Perhaps the most distinctive spatial innovation of the Maoist era, the conversion of old city compounds into “courtyards facing the sun,” involved no new building construction. Shanghai residents were enjoined to engage in such activities as posting radical slogans and singing

revolutionary songs within their renamed communal courtyards, in effect imbuing given spaces with a new educational purpose.\textsuperscript{61}

Mao liberated Shanghai from the asymmetrical relations of imperial capitalism. However, the process of Maoist decolonization led to severe ‘spatial stagnation’\textsuperscript{62} in the city. By 1992, the city was still employing much of its earlier colonial infrastructure and the cityscape of Shanghai was in decay. The city’s once stunning western mansions and villas faded as a result of negligence and public housing was dilapidated. Under these circumstances, Shanghai was eager to embark on a major project of renewal. Lujiazui became the case in point.

To restore Shanghai’s financial significance in the global economy, the Lujiazui Finance and Trade Zone was set up to replace the Bund in Puxi as the city’s new business core. It was a flagship project within the Pudong mega plan. Lujiazui was originally proposed in the ‘Shanghai Master Plan of 1986’ as a ‘Manhattan of the East,’ the city’s new international trade and financial district. The analogy to ‘Manhattan’ is deliberate and meant to connote an ‘image’ of a ‘global city.’ Since Shanghai Pudong was ‘marching toward the world,’ Lujiazui was meant to appropriate images of a world class city into its own system of representation. In part, this was also to reference the city’s own ‘legacy.’ It was especially apt in respect to the Bund, whose historic architecture and urban spectacles had signified the city’s capitalist prosperity in the 1930s. These were the signifiers developed in Lujiazui meant to portray a post-colonial imagination. While the Bund formed Shanghai’s signature skyline in the past, Lujiazui was supposed to both reference this and to surpass it in the global era. Making the new city centre into spectacle was viewed as the most dramatic way to join the league of the world’s 21st Century global cities.

The ‘image,’ ‘representation,’ or ‘spectacularization’ of Lujiazui, among other things, was a burning concern for Shanghai’s leaders, who intended to establish Lujiazui


\textsuperscript{62} Ibid., 104.
“as quickly as possible and in a visually striking manner,” in order to mobilize the flow of FDI and to prove the success of neo-liberalization in Shanghai after 1989. To achieve this, the Shanghai Municipal Government (SMG) embarked on a widely publicized international consultation and design competition for Lujiazui in 1992.

As early as in 1985, the SMG had sought foreign expertise to assist in the design of Lujiazui. A French urban planning corporation (Institut d’Amenagement et d’Urbanisme de la Region Ile de France) provided consultation to the Shanghai Urban Planning and Design Research Institute (SUPDRI). The French team used the images of other global financial hubs as exemplars, such as Manhattan (New York), the Central District (Hong Kong), Shinjuku (Tokyo), and LaDefense (Paris), to formulate how the skyline of Shanghai’s new central business district (CBD) should look. The Chinese authorities and SUPDRI confirmed with French planners that ‘skyscrapers’ must be ‘the preferred form’ of edifices in Shanghai Lujiazui. However, the process of urban planning cooperation was interrupted by the June Fourth Movement in 1989.

In 1991, planning was renewed and Shanghai mayor, Zhu Rongji, made a consultation trip to Paris to reconfirm foreign expertise in designing Lujiazui. The next year, the French Back-Up Group for the Development of Shanghai-Pudong, which included key French government officials in urban planning, signed an agreement with SMG to coordinate an ‘international consultation process versus an international competition process.’ To make this consultation and competition process a high profile global event, the French group managed to invite four super star architects and their associated firms - Richard Rogers from Britain, Massimitiano Fuksas from Italy, Toyo Ito from Japan, and Dominigue Perrault from France - to join the consultation versus competition event. The ‘local’ team was represented by the officials of SMG Urban Planning Department with expertise from associated institutes. The consultation and competition process commenced in May 1992 when the four groups of elite architects

---

63 Olds, 2001, 203-204.
64 Ibid., 203.
65 The local team included officials from Shanghai Urban Planning and Design Research institute, the East China Architecture and Design Institute, the Shanghai Municipal institute of Civil Architecture Design, and Tongji University. Ibid., 207.
travelled to Shanghai for a four-day highly publicized trip. During this trip, joined by the local team, they attended meetings and briefings given by Shanghai officials to become acquainted with the goal, the scale, and the expectation of the mega project. They also visited the physical site of Lujiazui in Pudong. In October, the five teams, including the Shanghai local team completed their conceptual plans for the future ‘image’ of Lujiazui.

The results of the half-year consultation and competition process surprised everyone. SMG was unsatisfied with all five conceptual plans proposed by the world’s elite architects. Subsequently, three revisions of master plans, drawing ideas from the previous five, were compiled by SMG urban planning authorities and experts. Later, an international conference organized by SMG was held in Shanghai to review the three options and to select the most ‘pragmatic’ revision.66 However, this was not the end of consultation. Shanghai authorities and urban planners brought the final revision to Britain, France, Hong Kong and Singapore seeking additional international consultations in 1993.67 Finally, in early 1994, the SMG approved the revised master plan for Lujiazui. The SMG selected the most ‘pragmatic’ design, which was close to the original design of the local team (SUPID). The rationale was that it involved minor changes to the existing infrastructure and to the shifting of leased sites.

In subsequent years, the final approved plan was widely represented in various publicity materials and websites provided by Pudong District Administration as the master piece of world famous architects, even though the final plan only paid lip service to their designs. For example, a publication prepared for Asia Pacific Economic Cooperation (APEC) meetings in 2001 said:

To ensure the design of Lujiazui Finance and Trade Zone achieve world class standard, Shanghai Municipal Government invited world renowned urban design expertise and local professionals to cooperate with the master plan of the zone. The final planning, which abstracts the merits of masters

66 Ibid., 230.
67 Ibid., 230.
from Britain, France, Japan, Italy, and China embodies the excellence of the contemporary metropolis. 68

The involvement of the ‘foreign monks’69 became precious cultural capital for SMG to imbue Pudong with a marketable ‘image’ to finance the construction of actual spectacle in the zone.

This state-to-state (SMG vs. French government) ‘cooperation’ was never seen before in China’s urban planning history. The partnership with the French government explicitly suggested the party-state’s attempt to rearticulate the city’s historical and symbolic contingency, because Shanghai had once been viewed as the ‘Paris of the East.’ To be sure, this re-articulation was no simple-minded nostalgia, but a profound strategy to legitimate the spatial ideology associated with the neo-liberal driven constructed ‘global city’ imagery, orchestrated by the Chinese state apparatus. In similar vein, the French government’s enthusiasm to co-host this event in Shanghai was not naive due to their past colonial experience in the city. This effort was meant to pave way for the interests of French firms to pursue lucrative profits from the real estate market in Shanghai. However, Shanghai’s willingness to attach itself to the ‘Paris of the Orient’ imaginary granted France a ‘qualified’ role in the whole process. 70

The state rhetoric of Pudong Lujiazui project was also constructed using the new discourse of the ‘Manhattan of the East’ - a world class financial center. In a book dedicated to the Chinese Communist Party’s 80 birthday, official policy-makers involved in Pudong’s development revealed the ambition of the party state:

In order to manifest the function of a financial center, Lujiazui must be qualified world standard. Although in the early stage, it would not fully perform the function of a financial center, the image portrayed by the urban planning of Lujiazui has shown imposing characteristics like other world cities. In speaking of function, Lujiazui will be the center for the world’s premier banks, insurance corporations and various types of service

68 Pudong District Administration, Shanghai Pudong. Shanghai: Pudong District Administration, 2001, 3.
69 Olds, 2001, 213.
70 Ibid., 206.
institutions. When it comes to its visual representation, Lujiazui must be the place with clusters of high modern skyscrapers soaring into the sky.\textsuperscript{71}

Zhu Rongji and Huang Ju, Shanghai’s party and municipal leaders of that time, had highlighted Pudong’s focal point in national reform on various occasions and insisted on a high degree of foreign involvement. Zhu claimed that Shanghai must set its departure point as a world class standard and ‘succeed in one step’ (\emph{ji bu tao wei}, literally translated, ‘be there in one step’).\textsuperscript{72} In other words, instead of letting the landscape develop along with the growth of economy, the party state intended to build a visually appealing financial center as quickly as possible to accommodate the zone’s future function.

Following Zhu, Huang Ju openly invited foreign involvement in a speech delivered to an international symposium on the ‘World City and Regional Planning’ held by SMG and the Division of Technological Cooperation of the United Nations. He said:

\begin{quote}
Shanghai will benefit greatly from learning the experiences of other world cities. The development of Pudong serves as a turning point for Shanghai and the nation...Shanghai cordially invites the world’s urban design experts to participate on the redevelopment of old Shanghai[Puxi] and Pudong. Shanghai will provide the stage for international elite architects to showcase their talent.\textsuperscript{73}
\end{quote}

With the design and planning validated by the world class architects, the party state had their own vision about how to mobilize urban spectacle to enhance the ‘image’ of China’s future financial center. “Lujiazui is the space reserved only for the world’s premier investors,” a promotional pamphlet published by Pudong District Government clearly indicated. Since the final plan committed to build over 400 skyscrapers within Lujiazui’s 1.7 square meters land, flows of international and domestic investment funds have tapped into the growing Shanghai-Pudong fad. However, all development deals have been tightly selected by the party state. Fang Zeng Wei made an analogy between the manufacture of clothes and the development of Pudong:

\begin{quote}
72 Ibid., 104.
73 Ibid., 39.
\end{quote}
...urban planning is like the style of an outfit – a preliminary stage of manufacturing clothes. The following procedures of selecting fabrics and tailoring have to reply upon the practices of the tailor. Likewise, the actual practices of developing Pudong fully depend upon the investors/developers who are in charge of the individual design, finance, and construction of edifices. In this sense, Pudong administration is in favor of multinational corporations and powerful syndicates. [Because] based on their large scale operation, mature and regulated investment behaviors, and rich experience in building branch offices overseas, these corporations are more likely to embody Pudong’s planning...the selecting principle is ‘ning que wu lan’ [it is rather to leave a deficiency uncovered than to have it covered without discretion.]\(^{74}\)

The presence of big name corporations has a dual meaning: first, Shanghai will become one of the ‘nodal points’ to mobilize the flows of capital in the networks of global cities; second, the trophy buildings of the multinational corporations will serve to brand Shanghai’s cityscape with an entrepreneurial and distinctive style.

As the project unfolded, Pudong’s cityscape was transformed immediately from a former industrial and agriculture site into a “Blade Runneresque city that [satisfied] the SMG’s desire for a ‘distinctive skyline’ and the symbol of the reform era.”\(^{75}\) The consequence of these changes was quite apparent. It was estimated that around 60,000 residents and over 800 work units in Lujiazui were relocated to the outskirts of the municipality. Foreign and domestic (mostly state owned enterprises) investors flooded into Pudong to finance and construct new spectacular projects in the ‘Manhattan of the East.’ During 2002 almost three quarters of high-rise construction cranes in the world were operating in Shanghai. There is absolutely no word to describe the amazingly swift pace of the construction boom. Shanghai’s residents joke that ‘crane’ is the symbolic bird of their city.

The new skyline is coming into being right before everyone’s eyes like a theatrical play constantly adding new scenarios with international recognition, and with each one vying with the others for attention. Powerful state-run corporations and state

\(^{74}\) Ibid., 112.
\(^{75}\) Olds, 2001, 223.
institutions were among the first to erect magnificent edifices to assert the neo-
liberalization of the Chinese party state. For instance, Shanghai Securities Exchange
Building (SSEB), which houses the Shanghai Stock Exchange is a product of the
Canadian firm of WZMH Architects. The imposing spectacle possesses a visually
idiosyncratic quality with two symmetrical towers bridged by a huge same structure
platform on the top in between which space forms a rectangular opening on the podium.
Only a few blocks away from SSEB, along the waterfront of Huangpu River, BOCOM
Financial Tower and the Bank of China stand side by side exhibiting ultra modern
geometric forms: the BOCOM building has two asymmetrical slim wedge-shape
thrusting towers while the Bank of China building’s sharp elliptical tower is supported by
a trapezoid podium. These two buildings, designed by German firm ABB/Obermeyer and
the Japanese firm Sekkei respectively, have become two of the most striking architectural
spectacles, if not the highest, in Pudong. Toronto based Bregman + Hamann Architects
gave New Shanghai International Tower a stylistic UFO-shaped rooftop heliport, which
adds an additional futuristic characteristic to Pudong’s soaring skyline. In the heart
of Lujiazui, the 88-story Jin Mao Tower, designed by Chicago based SOM Skidmore
Owings & Merrill, recalls Chinese historical pagoda forms with visually rhythmic
patterns. It is China’s tallest building and currently the fourth tallest building in the
world. The exquisitely striking Jin Mao Tower, home to a five-star hotel, appears to be a
typical creation of the private sector. In fact, this edifice was an asset of state owned
enterprises with the major shareholders including a list of large state owned industrial and
trading corporations, such as Sinochem Corporation, China National Cereals, Oil &
Foodstuffs Corporation, and China Minmetals Corporation. Given the background of
rapid ‘spectacularization’ that has taken place since 1992, and the involvement of neo-
authoritarian government, the landscape of Lujiazui is indeed highly politicized.
Shanghai’s new skyscrapers are a state organized spectacle to serve its political agenda.

Shanghai’s hegemonic global city project aimed to pursue a city of spectacle, in which the authoritarian state found on elective affinity with capitalism. The state’s rhetoric about Shanghai’s spectacular developments reified the conception of ‘global city.’ The fetishism of commodification and market expansionism became rationales to prove that the city is moving effectively towards globalization. The consequence was to turn Shanghai into an entrepreneurial entity whose value depended upon the rational calculation of surplus and on a set of ‘saleable’ images that spoke to the discourse of the so-called ‘global city.’

The City for Sale: Great Metropolis and Spectacular Events

In addition to spectacular architecture, spectacular ‘global events’ are widely regarded as a key part of any city’s claim to ‘world class’ or global city status. To become the host city of the Summer and Winter Olympic Games, FIFA World Cup, World’s Fairs, film festivals, fashion shows, trade shows, art exhibitions, or political summit meetings is viewed as an effective way to globalize the city in the world of neo-liberal capitalism. Global inter-urban competition is a battlefield featuring international competition for global events. It has become a common practice for cities or nation-states to hire international public relations firms to promote the bid for such events. The operation of global events often involves self-conscious strategies of spectacularization within which the articulation of capital investment, intense media practices, the construction of urban spectacle, and organized visual amusement are tied together to ensure global visibility. To create visual attractions, these events are staged like theatrical plays in the city. New buildings and infrastructure are often built for these occasions and the built environment is shaped to provide visual amusement.

The Fortune Global Forum (FGF) is itself a by-product of neo-liberal capitalism. Fortune Magazine, owned by the media conglomerate Time-Warner Inc., ranks the world’s largest corporations into a so-called list of the ‘Global 500.’ Membership in the list is determined by a corporation’s revenues. In a sense, the CEOs, corporate executives, and the powerful shareholders of the FGF are a kind of global dominant class.
The list of the ‘Global 500’ is meant to measure corporations’ competitiveness in the global economy. The list promotes the virtues of ‘pursuing fortune’ as a rationale for capital accumulation. The corporations of the ‘Global 500’ are regarded as movers and shapers in the global economy and their investment plans are sought after by governments around the globe. For investors, this ranking is considered as one of the must notable market indexes in the world.

Since 1995 *Fortune* magazine has organized the FGF in different cities and has brought the world’s top business and political leaders to a three-day conference to discuss economic policies, business trends, and socio-political developments. This meeting is a kind of global theatrical event. The total operation of the ‘mise-en-scène’: scenario (economic and political figures), setting (the city), plot (conference agenda, speeches and interviews given by business figure), and visual narrative (the representation of the event and the décor of the city), contribute their parts to a grand urban spectacle.

Shanghai Municipal Government (SMG) co-hosted the Fortune Global Forum entitled “China: the Next Fifty Years” on September 27-29, 1999. Mayor Xu Kuangdi was appointed to the head of the special organization committee for this event. The Chinese central government in Beijing supported this event with enormous subsidies and the FGF was attended by roughly 300 foreign executives, more than 200 Chinese high-ranking government officials, managers, state bankers, and academics, and over 1,000 journalists from around the world. Included in the program were such international political and economic ‘stars’ as Jiang Zemin President of the PRC; Lee Kuan Yew, Singapore’s former Senior Minister; Henry A. Kissinger, former US Secretary of State; Bill Gates, CEO and co-founder of Microsoft; Jack Welch, Chairman of General Electric;

---

77 Except the political leader of the host country, the political figures, who were invited to the FGF meeting, in often cases, were retired veteran politicians.

78 Beginning in 1995, Fortune Global Forum was held in Singapore (1995), Barcelona (1996), Bangkok (1997), Budapest (1998), Shanghai (1999), Paris (2000), Hong Kong (2001), Washington D.C. (2002), and Beijing (2005). Shanghai was the first venue city in China selected to host this global spectacle. This revealed Shanghai’s significance in economy and urbanization. Fortune selected three Chinese cities Shanghai, Hong Kong and Beijing to host its signature event in a very short span of time which also indicated multinational corporations’ enthusiasm towards Chinese market.

Gerald M. Levin, Chairman of Time Warner Group; Sumner Redstone, Chairman of Viacom Inc.; and Jerry Yang, Co-Founder of Yahoo Inc.

No city was more appropriate than Shanghai to host the FGF in China at that time. As the new ‘dragon head’ of China’s thriving economy, Shanghai’s GDP had enjoyed 2-digit growth rates since 1994 and the city had opened up its tertiary sector to attract the cash flows of FDI. Shanghai’s role as a flourishing world city during the 1920s and 1930s, purged by Mao after 1949, was now being ratified by leaders calling to restore the city’s pride in the global era. Yet, in the wider political context, 1999 was a year full of political twists and tensions. China’s dream of neo-liberal globalization suffered its worst setback after a series of key international events. Yuezhi Zhao has summarized these events:

Zhi Rongji’s controversial WTO [World Trade Organization] offer to the United States in April 1999, the U.S. bombing of the Chinese embassy in Belgrade in May 1999, which led to a surge of anti-American sentiment in China, and the suspension of the U.S.-China WTO negotiations for several months.80

Still, China, saw its membership in the global capitalist market linked to the WTO. Indeed, as of 1999, China had struggled to gain WTO membership for 13 years. The promotional discourses supporting China’s WTO membership had always been tied with the political slogans: ‘Marching Toward the World’ or ‘Enter the World,’ which entailed the connotations of nationalism and neo-liberal globalization. Thus, by hosting the high profile FGF in China’s most entrepreneurial city, right before the eve of the PRC’s fiftieth anniversary, China was officially legitimating the ideology of neo-liberal globalization and proclaiming its eligibility to “[become] a card-carrying member of the world trade club.”81

In the opening ceremony, President and the Party leader Jiang Zemin articulated Shanghai’s raison d’être for hosting the FGF. He noted:

81 Ibid., 33.
Only six years ago, where we are gathered this evening, there were only run-down houses and farms. Now it is a vibrant modern financial zone, full of high rise buildings...More than fifty years ago, I attended university in Shanghai. At that time, I had a deep sense of the poverty, backwardness and feebleness of old China...Fourteen years ago, I became mayor of Shanghai and experienced the process of reform, opening up modernization here. The growth of Shanghai is a reflection of the enormous changes taking place in China.  

As Jiang indicated in his speech, images of high-rise buildings, and of a vibrant financial district, were considered essential elements in the plan to globalize Shanghai. Shanghai’s Municipal Government used the stage of the FGF to showcase its ability to mount ‘state-crafted organized urban spectacles’ that symbolized boldness and economic promise as well as an efficient and modern quality of life. The discourse literally etched into the built environment was clear: state-of-the-art designer skyscrapers, which made Shanghai’s image more and more identical to other global cities, and giant eye-catching billboards, dramatically signified how the city had ‘liberated’ its urban space to capital accumulation and commodification.

Pudong International Airport opened its terminal before the Airport’s official opening date on Oct 1, 1999, in order to receive the private jets owned by the tycoons of the Global 500. The airport cost 130 billion (RMB) and took up 32 square kilometres. It was commissioned by French architect Paul Andru and boasted steel filigree roofs extending over the terminals like giant wings. This structure is meant to symbolize Shanghai’s role as an international transportation hub. The eight billion (RMB) Shanghai International Convention Centre in Pudong, the venue of the FGF, was appointed as a key municipal construction project in September 1998 and was completed in August 1999. In less than one month, the giant building, covering total floor space of 110,000 square meters, was completely furnished and ready to host the ‘world class’ summit meeting. The Grand Hyatt Hotel, whose 38-floor hotel rooms sit on top of 50 levels of office space in the 420.5 meters tall Jin Mao Tower, opened for business in time as one of the designated hotels to accommodate the FGF’s foreign delegates. The Jin Mao Tower is

---

China's tallest building and has added new significance to Shanghai's neo-modern skyline. These urban spectacles not only 'transformed urban landscape' and 'actively fostered a pro-development atmosphere,' they also exclaimed dramatically that world class architectural spectacles that were common features in other global cities were equally available in Shanghai.

Shanghai's cityscape was also commodified to sell the city to advertisers who were eager to capture world-wide exposure during the FGF. Colorful oversized commercial billboards were erected on the city's popular sites a month ahead of the meeting. The sites that were most sought by international advertisers were located in the People's Square by the SMG office building, the river front pedestrian area on the Bund, the roadside of the elevated Inner Ring Road in Puxi, and the Yuandong and Longdong highway between Shanghai city centre and Pudong Airport. With limited space and time, it was reported that a single billboard cost 2-3 times of the regular price during the period of the event.

However, the sale of space on the billboards was predominated by only a handful of companies. For instance, Whiteco International, a Sino-American joint venture advertising company, whose Chinese partner was said to closely associate with SMG, monopolized the market of the outdoor billboard spots along Yuandong and Longdong highway, as well as other expensive spots around the Puxi city centre. The list of its clients included Global 500 companies, such as Nortel Networks Company of Canada and Viacom (USA), Chinese premier enterprises such as Haier Group, Legend Group, Shanghai East Television, Shanghai Volkswagen, Shanghai General Motors, Industrial and Commercial Bank of China, and the China Construction Bank. The Bank of China, the state bank and FGF's official sponsor, (which was also ranked 160th of the Global 500 in 1999) purchased six giant billboard spaces on the Bund, just in front of its 1935 headquarters, to symbolize the Bank's historical heritage and resurgence in the global era.


Chu, 1999, 3.

Ibid., 3-4.
Shanghai was adorned by illuminated corporate logos, just like New York, London, and Tokyo. This visible manifestation of corporate advertising was not only an aggressive spatial promotional fulcrum point to assert the commercialization of Shanghai's cityscape; it was also the most efficient strategy to 'brand' the city as having an entrepreneurial spirit.

Shanghai was also envisioned as a city with a high quality of life, offering security, along with an amiable and vibrant dynamic and delightful street atmosphere. Anything that might evoke what President Jiang had called "a deep sense of the poverty, backwardness, and feebleness of old China" was forcibly to be removed from the city. Indeed, as early as in August 1999, the Shanghai Police Department began an aggressive crackdown on illegal entertainment venues, such as dancing and karaoke clubs, and brothels around the city, and arrested 15,000 suspects. These places were either destroyed or they were forced to shut down business by the order of police. The police campaigned against juvenile delinquency, drugs, and crimes that appeared to be 'dangerous' and posted 'visible threat.' In China's big urban centers, the settlement of illegal migrant workers was viewed by the state authority as a "hotbed of disorder and the cradle of a nascent social force independent of state control." Police forces also implemented a large-scale urban eviction of the 'floating population' in Shanghai. It was reported that over 20,000 rental units in run-down neighbourhoods, in which illegal migrant workers from other provinces lived, were raided by police. Before the urban 'clean-up' campaign, some migrant workers fled to hide in friends' homes or villages in nearby counties. The unlucky ones, who had no place to hide, were caught by police and sent back to their original villages. Homeless people and street beggars, who occupied the city's public spaces, such as subways, train stations, and street corners, were forcibly relocated to temporary shelters, as their existence might be seen to reveal the 'illness' of the global city and to blemish the 'fruit' of China's market economy. The state wanted to scour away the 'shaggy' citizens who might create an unwanted feeling of urban fear that

would scare off tourists and damage the image of the city. More importantly, the SMG felt that ‘undesirable’ scenes of visible poverty and incivility would disturb the ‘investing mood’ of the Global 500 CEOs.

In addition to manipulating the image of ‘incivility’ in Shanghai, a ‘vision of civility’ was carefully organized. Images of a livable and culturally rich city lay at the heart of the SMG to sell Shanghai to the Global 500. In order to match Shanghai’s striking world class urban spectacles, the streets were cleaned and the sidewalks were planted with greenery and flowers. The colorful banners of the Forum decorated the city with an atmosphere of festivity. While the male CEOs of the Global 500 attended the summit meeting in Pudong, the female CEOs were guided to visit Shanghai’s vibrant city life. Well patrolled by the Shanghai police force, the female CEOs made a stop at the Bund, the city’s famous waterfront, on their way to the Peace Hotel (formerly Cathy Hotel) for breakfast. It was 7 o’clock in the morning. They came down to watch a group of senior men and women enjoying ‘morning exercise’ at the Bund’s scenic sidewalk.¹⁸ Wearing uniforms, the group of seniors was organized by the local authorities to ‘perform’ Mulan Gong in order to impress the visiting CEOs. They had gathered three days in advance for rehearsals. All of this was a well-orchestrated attempt to show an image of a dynamic yet caring city where every citizen could embrace a healthy and enjoyable lifestyle.

At night, the city was aestheticized by a sea of glaring illuminated lights and fireworks. The SMG promoted the idea of a ‘sleepless city’ and installed 1,200,000 neon lights on the streets, highways, and bridges during the Forum meeting. The SMG ordered 800 high-rise buildings in the city to keep full lighting in the evening. In addition, eight powerful spotlights located in different part of the city were projected onto the sky from different angles. Following the opening gala of the Forum on September 27th, delegates were treated to a 30-minute spectacular fireworks show over the Huangpu River. The multi-colored massive explosions and the neon lights positioned under the river, crisscrossed each other and provided a thrilling visual feast. Dazzling, exciting, and

¹⁸ Chu, 1999, 40-41.
seductive as it must have been, this visual amusement was deliberately orchestrated by the state often in a highly repressive and coercive manner.

The entire state-controlled theatrical play dedicated to the FGF was meant to symbolize Shanghai’s re-ascendance into the global city hierarchy, as well as the city’s economic and organizational prowess. The message was clear: Shanghai is open for business! A Shanghai resident told a reporter at the time: “This is an extraordinary opportunity to lure foreign investment and self-promotion. The attendance of the CEOs of multinationals would formulate a sort of advantageous attraction. Shanghai will gain preferable impact from hosting a Forum that is usually considered difficult to generate. I hope that there are more Chinese enterprises in the Global 500.”89 However, a survey conducted by a local newspaper showed that about 80% of Shanghai residents had no knowledge of the themes and agendas of the FGF meeting. The only option for them was simply to become part of the organized spectacle.

(Not) Belonging to the Global City: Urban Redevelopment in Shanghai

Asiaweek, a pro-growth current affairs magazine, ran a passage in its special report on the 1999 Shanghai Fortune Global Forum:

Standing in front of the high-powered audiences, Jiang must surely have been aware of how ironic it is to hold a meeting of international captains of industry about half a dozen kilometers from the site of the founding of the Communist Party of China. In July 1921, thirteen delegates including future Chinese leader Mao Zedong convened the first congress of the CPC in a home off Hua Hai Road. A new museum in the preserved and renovated First Congress Hall has recently been completed. After paying the 3 Yuan (US $0.36) admission, visitors can take in displays detailing how western imperialism and colonial attitudes led to the rise of the working class in China. The tour ends in the very room where congress participants adopted a party manifesto, which included a call to end all capitalist ownership. To add to the irony, today the historic site is surrounded by a 52-hectare property project spearheaded by Hong Kong’s Shui On Group. The development will be turned into a shopping,

89 Ibid., 38.
entertainment, commercial and residential district, incorporating restored decades old “shikumen” or stone-wall houses and new buildings. Indeed, the juxtaposition of the First Congress Hall of the CCP, and the spectacular new recreation project, revealed the ever-changing ideology inscribed in Shanghai’s built environment in different regimes. Yet, as Deng Xiaoping’s successor, Jiang had no need to feel ‘ironic,’ knowing the party’s historic relics were nearby, because the ideological tensions between socialism and capitalism in China had been resolved as early as 1992. Another case in point here is ‘Shanghai Xintiandi,’ an inner city renewal project built on principles that run deeply contrary to any progressive socialist sensibility. Jiang, and China’s new neo-liberal elite, might view Xintiandi as a proud achievement of China’s ‘socialist-market economy.’ Yet, this redevelopment project also revealed the extent to which the state and private developers have formed a close partnership, not only to mobilize the urban spectacle, but also to generate lucrative profits from the commodification of space, while the welfare of relocated residents is barely considered. The Shanghai Xintiandi project required massive on-site demolition, as well as forced evictions and relocation processes. Marginal populations and the poor were to have no voice or say in a program where ‘Socialism with Chinese Characteristics’ means little more than linking state authoritarianism to a drive for global capital accumulation.

While Pudong was pushed forward to the front line of national reform in 1992, and its landscape experienced significant transformation, the built environment in Puxi was equally innovated by a cluster of Western-style high-rise modern buildings which aimed to appeal to the increasing demands of global corporations in search of office space, and of transnational elites and the emerging local nouveau riche seeking upscale housing in Shanghai. A construction boom in the 1990s was particularly concentrated in the city center such as Huangpu, Nanshi, Luwan, Jingan, and Huwan District. This area, traditionally called the ‘old Shanghai,’ located in the former International Settlement and French Concession, has been Shanghai’s commercial and political centre since 1842.

It was in ‘old Shanghai’ where most of the nearly a century-old Shikumen alleyway houses were located. As indicated in earlier chapters, Shikumen neighbourhoods had deteriorated into slums as far back as the 1930s and 1940s. After 1949, because of a lack of investment in new urban housing on the part of the CCP, Shikumen’s over-crowded situation continued. Living conditions were difficult without individual kitchens and proper sanitary facilities. Adding to this difficulty, these century-old neighbourhoods also suffered from physical dilapidation. During the 1980s, the SMG tried to raise redevelopment funds from different government sources, but the efforts failed. The cost of residential relocations and renovations was seen to be too high. However, in 1992, the SMG began to bring in foreign investment as a new strategy to implement ‘jiu qu gai zhao’ (literally ‘old town renewal’). With the new goal of becoming a global city, the SMG and district governments were keen to accelerate the pace of urban renewal by replacing dangerous shacks and visually unpleasant decrepit dwellings with much more modern commercial and residential redevelopment projects. As the shacks came down, Shanghai witnessed the erection of one after another glittering neo-modern buildings and high-rise residential blocks in their place. As this occurred, property values shot up and led to spatial gentrification of the originally deteriorated neighbourhoods, thereby reshaping the skyline of old Shanghai. But urban renewal and gentrification were also accompanied by social displacement and spatial polarization as former residents were dispersed to Shanghai’s periphery.

Shanghai’s recent urban redevelopment was actually embedded in a broader context of national Land Reform started in 1990, which was consciously designed to commercialize China’s spatial economy. In the 1950’s the CCP’s Land Reform Law treated property as a state-owned asset and there was no longer any land or property market. Under Mao’s attempt to eradicate class difference, land and private property (e.g. private homes) were confiscated by the state. Private business enterprises were also conferred to state ownership. Private dwellings were converted into public housing and

91 The Article 10 of the Constitution of the People’s Republic of China clearly defines that: “Urban land belongs to the state. Land in the countryside and in suburban areas belongs to the Collective Ownership unless the law stipulates that land is state-owned. Moreover, residential land and family plots also belong to the Collective Ownership. No organization or individual is allowed to appropriate, sell, lease or illegally transfer land in any way.”
were redistributed to align with planned work units. The organization of property was predominantly based on state allocation and was typically limited to economic or industrial planning projects proposed by the central or regional levels of government. The actual usage of land was determined according to the priority of the national or regional project itself. The economic reforms of the 1980s did not fully liberate land and the ownership of private property to the market economy, because these areas were still regarded to be more politically sensitive than other commodities at that time. In the late 1980s, market reformers and local governments demanded further devolution of power in respect to land and called “for pragmatic reason that land had to be used efficiently in order to provide a source of income” in order to deepen overall economic reform. They especially urged urban land reform and promoted the idea that lands should be commodified; that is, land should become an asset and should be allowed to be bought and sold in the market economy.

In 1987 the State Council proposed a new policy to separate land use rights (LUR) from land ownership, and first experimented in Tianjin, Shanghai, Guangzhon, and Shenzhen by putting land leasing in the market. In the following year, the Land Management Law of the People’s Republic of China permitted ‘land leasing’ as a legal means of transferring land. In 1990, the LUR was officially sanctioned by the State Council. Thus, accordingly, land still remained a form of state asset, but ‘land use right’ had become a new commodity, subject to trade, auction, and mortgage under private treaty. Under this new regulation, the state came to monopolize newly marketized property relations, as the government was the only authority able to lease LUR to the private sector.

Interrupted by the 1989 Tiananmen Incident, the introduction of LUR in 1987 did not immediately unleash urban land to the regime of market. It was not until 1992, when

94 In April 1988, the Constitution was also amended by adding “The right of land use can be transferred in Accordance with the law…” Ibid., 19.
95 Li, 1996, 38.
Shanghai was designated as China's future global city, that land and real estate officially became major commodities in the China's market economy. During the first decade of economic reform, FDI in China was invested chiefly in the industrial sectors. Beginning in 1992, accompanying the opening of land leasing, the inflow of the FDI has been directed largely to land and real estate development. This tendency was particularly clear in Shanghai. Since 1992, Shanghai has outstripped the Pearl River Delta, becoming the new magnet for FDI. By 1998, it was estimated that approximately half of the inflow of FDI in Shanghai was directly linked to property development.\textsuperscript{96} This was a desirable consequence to the Municipal government, as they were coming to rely heavily on FDI to finance the massive face-lift of the old city centre. For example, the large and upscale redevelopment projects in old Shanghai have largely been undertaken by foreign developers (including those from Hong Kong and Taiwan). In so doing, these developers have integrated local projects into a global market - making connections with substantial sources of global capital flows and to the world class architecture firms who have come to redesign Shanghai's landscape.

In Shanghai, the Housing, Land and Resource Administration at both the municipal (SMG) and district level are the two state institutions administrating urban land development. In accordance with the \textit{Shanghai Municipal Ordinance on Urban Land Management} enacted in 1992, the SMG decentralized the power to administer land development as an effort to accelerate the pace of urban renewal. The district government has enjoyed autonomy in the administration of land development by following the city-wide master plans set up by the SMG. However, the municipal bureau-owned land plots, major roads, important districts (such as the central business district and the People's Plaza), and cultural and heritage properties that still required the municipal government's approval. In 1996, the SMG approved the \textit{Regulations for the Transfer of Land Use Rights in Shanghai City}, to further regulate the marketization of urban land leasing. Accordingly, land can be leased for a period of 40 to 70 years (commercial, entertainment, and tourist usage for 40 years, industrial and educational usage for 50 years, and residential usage for 70 years). The acquisition of land leaseholds can be

\textsuperscript{96} Joshua Cooper Ramo, "The Shanghai Bubble." \textit{Foreign Policy}, No. 111 (Summer, 1998) 68.
through public auction, tendering, and negotiation. However, the land leasing deals were predominantly conducted in the manner of private negotiations between the district government and developers, and it has not been uncommon for these negotiations to involve bureaucratic corruption. In order to stop corruption, in 2001, the SMG amended the *Regulations for the Transfer of Land Use Rights* to require all acquisitions to occur only in public auction. However, although public auction is encouraged by law, in actual practice, a vast majority of the land leasing was still conducted by private negotiations before the developments went public.

Leasing land to developers accounted for a major source of government revenue to finance urban infrastructure and to generate funds for new urban housing. The *Shanghai Municipal Ordinance on Urban and Land Management* also clearly stated how the distribution of revenues from land leases should occur: 70% of the leasing fee was designated to be used for the cost of on site demolition, resident relocation and compensation conducted by the district government; the remaining 30% was to be equally shared by the municipal and district government as revenue income. During the high tide of land leasing and housing commodification, land leasing provided up to 50% of the district government’s income. The devolution of land development administration to the district government, and the lion’s share of leasing fees, have effectively encouraged bureaucratic entrepreneurial administration and an intense competition among districts within Shanghai. The marketization of urban redevelopment has also been further accelerated by pressures from the neo-liberal-oriented SMG. For instance, I was told by an official in the Luwan District Housing, Land and Resource Administration that:

> There is lots of pressure coming from the municipal level. If Shanghai aims to become a global city, jiu qu gai zhao (redevelopment of the old city centre) is the most urgent task....Our (the district government) administrative achievement was simply evaluated by the pace of redevelopment projects, the prosperity of the real estate, and the inflow of the FDI in comparison with other districts. For example, they (the municipal government) want to know how many residents have been relocated; how many units of commodity housing or how many square

97 Olds, 2001, 185.
feet of Grade A office space have been built and been sold; and how much revenue income we have collected from land leasing.98

Under this circumstance, the district governments have competed to invite symbolic and profitable projects into the areas to heighten property and land values. For some high-risk projects the district government has voluntarily offered flexible development options or tax holidays to attract developers.

From 1992 to 1997 Shanghai’s land leasing market reached its highest peak. District governments were working hard to attract foreign capital to rehabilitate the inner city. Similarly, developers, foreign and domestic, were coveting the property market as a new venue for capital accumulation. There were only 12 registered developers in Shanghai in 1992,99 but by 1997, the number had reached 4,290, of which about 441 were overseas and joint venture companies.100 Joshua Cooper Ramo has noted:

In 1992, as the first foreign firms arrived in Shanghai, the over crowded real estate market looked like a speculators dream: Rents rose by 50 percent in a year and purchase prices by more than 300 percent. Construction firms from around the world began to arrive in the city, and the shabby socialist skyline morphed overnight into a vision of the late twentieth century.101

However, during 1997-98, the broader Asian Economic Crisis slowed down land and real estate speculation, as the “annual FDI in 1997 slipped to $6 billion from $10 billion in 1994 and 1995.”102 After years of real estate speculation, the supply of so-called ‘shangpin fang’ (commodity housing) outstripped market demand and the vacancy rate of office space ran above 50%. However, in 2002, Shanghai’s real estate market experienced a renewal. The sale price of commodity housing began to increase every year by astonishing rates: 4.4% in 2001, 12% in 2002, 34% in 2003, 55.9% in 2004, 71.1% in

100 Shanghai Nianjian (Shanghai Yearbook), 2000-2006.
102 Ibid., 68.
Registered developers reached a new height of 4,774, of which 4,418 were domestic companies in 2002. The majority of the domestic developers were either financially associated with state owned enterprises and local state departments, or they were involved in joint ventures of the state and private sectors. Thus, the state sector has benefited enormously, not only from the land leasing system but also from the real estate market. However, the largest scale development projects were often leased by foreign or overseas Chinese developers.

‘Shanghai Xintiandi’ provides a useful case to examine Shanghai’s recent development frenzy in greater detail. I have already noted how Shanghai Xintiandi was an attempt to turn a former inner city slum into an upscale commercial and recreation compound. However, Xintiandi was actually part of a much broader Taipingqiao Redevelopment Project.

The Taipingqiao area consists of 23 blocks, covering 52 hectares, with around 20,000 households and 70,000 residents. This region is located in the former French Concession and was originally occupied by Shikumen alleyway houses built more than 80 years ago. During the Sino-Chinese war, these Shikumen neighbourhoods were the homes of the lower middle-class Chinese. Under the socialist system, these privately-owned Shikumen houses were ‘socialized’ to become public housing, associated with various work units. Like other Shikumen houses in other parts of Shanghai, the housing conditions in Taipingqiao were dilapidated and often over-crowed. Just as in the colonial period, it was typical to house 4 to 6 families in a single bay Shikumen house (around 200-250 square meters). As the occupational composition of the residents in Taipingqiao was predominantly working class, with average annual household income under $10,000 RMB, residents generally had no financial capacity to purchase housing once Shanghai established a private real estate market.


105 ‘Shanghai Xintiandi’ means ‘Shanghai New Heaven and Earth.’
Developers favoured the geographical location of the Taipingquao area because it was adjacent to Huaihai Zhong Road and was regarded to have economic potential. Huaihai Zhong Road was named Avenue Joffre before 1949. From the 1920s through the 1940s, Avenue Joffre was the commercial center of the French Concession and was famous for its mixed European and Chinese shops, modern movie theaters, cabarets, dancing halls, and elegant Western-style buildings. In the early 1990s, the SMG designated Huaihai Zhong Road the extended area of the Nanjing Road Central Business District (CBD) in the city-wide master plan. To restore Avenue Joffre's colonial commercial vigor, the Luwan District Government had leased land to foreign developers and rapidly transformed Huaihai Zhong Road into one of Shanghai's most prestigious commercial and shopping areas, with high-rise Grade A office towers and luxurious boutique department stores. It is worth noting here that the majority of the leaseholders were Hong Kong developers. Thus, Huaihai Zhong Road reflected a strong degree of 'Hong Kongization' in Shanghai. The newly erected edifices included the Hong Kong New World Tower, Landmark Shanghai, Lippo Centre, Shanghai Time Square, Shui On plaza, and the New World Department Store.

Shui On Group, a Hong Kong based developer, began to acquire property in Taipingquao in about 1996. Because of the Asian Economic Crisis in 1997, and the bursts of the Shanghai real estate bubble, a considerable amount of FDI retreated from the market. The disinvestment seriously threatened the revenue of the district government.

106 This was based on the Chairman of Shui On Group, Vincent Lo’s solid relationship with Shanghai high-ranking officers and party leaders, so the Group could successfully acquire this project. Because the economic reforms have led to the devolution of political and economic power over the state bureaucratic system, the bureaucratic agencies, from central to local, are all tied to the fate of local development projects. In order to obtain necessary blessings from the state sector, it is not uncommon for entrepreneurs to labour hard to court the state authorities at all levels. Far Eastern Economic Review indicated that the effort Vincent Lo made "was one that many Hong Kong tycoons have followed. It is not at all unusual these days for big Hong Kong business groups to troop around on high-level delegations to the mainland. They’ll donate some money, make high-profile investment, talk about their patriotism, and cozy up - sometimes financially - with officials eager to develop local economies. Mr. Lo entered the Chinese market as early as in 1984. Since then he has been building connections with government authorities and partnering with Party bodies. Several officials of his first joint-venture partner, Shanghai Communist Youth League, have been high up in municipal party ranks and municipal government posts. He also remained close friends with former Shanghai Mayor Xu Kuangdi who was the key figure to convince Beijing leaders to approve Xintiandi project. Former Mayor Han Zhang, whom Lo has known since 1980s, had been the head of Lu Wan district where Taipingquao project is located. Labelled as 'Pink Merchant' in Hong Kong, Mr. Lo participated in the Consultative Committee of Hong Kong Basic Law from 1985 to 1990. In 2002, he was a member of the Ninth National Committee of the Chinese People’s Political Consultative Congress. Ben Dolven, “Vincent Lo, Hong Kong’s Mr. Shanghai.” Far Eastern Economic Review. August, 15, 2002. http://www.feer.com/cgi-bin/prog/printessay. Date accessed: March 3, 2007.
and undermined the progress of inner city redevelopment. The Luwan District Government was therefore eager to make a deal with Shui On for the Taipingquao project. Shui On had just completed its first project in Luwan, an upscale office tower, Shui On Plaza, on Huaihai Zhong Road, and had managed to rent out the property before the Asian Economic Crisis. Based on its past cooperation with the district government and on a strong social and political relationship with municipal party officials, Shui On obtained the development rights to 52 hectares Taipingquao in 1997.

In 1999, the Luwan District Government and Shui On Group signed an agreement indicating that 23 blocks of Taipingqiao would undergo redevelopment in the time span of 15 years. Soon after they reached this consensus, the elite design firm, Skidmore Owings and Merrill (SOM) in San Francisco, was invited to take charge of the master plan of the Taipingqiao project. SOM was no stranger to China; their architects and planners have actively imposed their perspectives of urban form on many of China’s globalizing cities. Jin Mao Tower in Shanghai Pudong, and Suzhou Convention and Exhibition Center, were two well-known projects designed by SOM’s Chicago office. According to SOM’s master plan, Taipingquao will be a mix of commercial, recreation, and residential redevelopment including Shanghai Xintiandi shopping compound, Taipingquao Park, Lakeville residential complex, Corporate Avenue office towers, and a five-star hotel. Up to the present, the master project has completed Shanghai Xintiandi, Taipingquao Park, Lakeville I & II, and Corporate Avenue.

Shui On, as a principal investor, contributed 97% of the capital investment, while Shanghai Fuxing Construction and Development Ltd., a state owned enterprise directly subordinated under the Luwan District Government, contributed the remaining 3%. Fuxing Construction was established in 1992 by the Luwan District Government, and since then, it has been taken on the role as the local partner in various redevelopment projects featuring foreign investment. A Hong Kong based developer shared his insight with me in a conversation:

It is very difficult for outsiders to know the role that was played by the local partner in the project. In Shenzhen, the local partner was either a nominal partner or a designated contractor, representing the economic
interests of the local government. I think this practice applied to Shanghai as well. And the developer is usually happy to have a little fraction of profit shared with the government related local enterprise....in order to smooth out the process; it is worthy.\textsuperscript{107}

Fuxing’s partnership with Shui On not only reveals the collusive role of the state with private capital but also underlines again the neo-liberalization of the Chinese state in the area of urban redevelopment. To maximize the district government’s own profit, Fuxing Construction would ally with Shui On and demand incentives from the municipal government. Another example of such collusion can be found in the case of the Shanghai No. 1 Construction Co. Ltd. This company is a marketized state-owned enterprise that has dominated Shanghai’s construction business. For example, it was the principal contractor in Shanghai Xintiandi, the first project in Taipingquao. Closely linked with the state sector, Shanghai No. 1 specialized in so-called ‘sangao’ (the three highs) projects, high-class hotels, high-rise apartment buildings, and high standard civil infrastructures. Aside from the close involvement of the district government and state-own enterprises, the local professional elite were also incorporated in the neo-liberal coalition. The Urban Planning, Design and Research institute of Shanghai Tongji University served a consultative role for the Taipingquao project. Although the substantial influence of the local elite and academia was limited, in such a large-scale urban plan the participation of local professionals was necessary. The local academic institutions have long been closely affiliated with the state in neo-liberal policy-making, and with pro-growth urban planning and architectural design, since the beginning of Urban Land Reform. Their involvement here was a political and professional gesture to show respect for the work of international architects and designers while nonetheless insuring Chinese input into technical and aesthetic decisions outside of the government’s direct supervision.

Once the neo-liberal coalition was formed, the first task was the demolition and relocation process. In this process state-affiliated demolition companies were assigned coercive rights to remove residents, mobilize the demolition procedure, and set up compensation packages. All of this was enforced from above, however, rather than freely

\textsuperscript{107} Personal conversation on December 5, 2004.
negotiated. The evicted residents’ rights and welfare were made secondary to those of the profit-seeking neo-liberal coalition.

Urban demolition and relocation has proved to be a highly contradictory process in contemporary China. Decisions about urban redevelopment are made privately by district governments and developers, in ways that lack any transparency or democratic participation from residents. Residents are simply informed when redevelopment agreements are formally announced. However, even at this stage, residents have been virtually unaware of the exact schedule for demolition. In some cases, residents received only a short notice or no notice at all about the action of eviction. In addition, compensation to residents has been based on household size. The moment a redevelopment plan has been confirmed, household registration in the area has been frozen by the district government in order to prevent any sudden increase of household members, who have moved in on purpose to gain higher compensation fees. In order to reduce the cost of compensation, household registrations have also been frozen without confirming any redevelopment plan. Thus, it has been usual to experience constant registration freezes as the only indicator of forthcoming changes. In general, when the residents have been informed that their household registration is going to be frozen, it is the first notice they received that the area is about to be redeveloped and that they will lose their homes in the city centre, only to be relocated to a remote suburb.

While the developer is responsible for the cost of the demolition and relocation compensation in Shanghai, the amount must be approved by the district government. According to municipal regulations, this amount must account for 70% of the land acquisition fee. But it is impossible to prove that any final settlement follows the rule because no area of the process is subjected to any democratic oversight. So, how exactly, the cost of demolition and relocation is determined remains notoriously mysterious. The demolition fund is then allocated to the contracted local demolition companies through the assistance of the district government. As the demolition companies have tremendous power in the relocation process, this task is usually taken up by the marketized district agencies under the supervision of the district authorities or private enterprises with close affiliation to the district government. On behalf of the district government, the demolition
companies will 'negotiate' the compensation package with residents and sign compensation contracts. Paradoxically, although the Municipal Government publishes the *Regulations of Shanghai Housing Demolition and Relocation*, the rights of the evicted tenants are imprecise and not guaranteed.

The point is that regulations for compensation leave far too much room for abuse. The district government and the demolition companies usually set up their own compensation standards and adopt different calculation methods. Since the compensation standard is ‘negotiable’ and there is no universal standard to follow, and since there is virtually no official channel for residents to know exactly how much compensation fee is settled with each household, the residents have to undergo an exhausting process of ‘negotiation’ to acquire a favourable compensation package for themselves. With their own interests in the redevelopment project, district governments have not been likely to offer fair arbitration between demolition departments and evicted residents. Technically, evicted tenants can sue the evictor, but they have no legal right to stop the demolition process. In many cases, the tenants, who pursue lawsuits, are denied justice and never receive the promised compensation. In the worst situation, when the negotiations reaches a deadlock, the demolition companies have regularly used verbal intimidations, threats and physical attacks to solve the dispute. Demolition companies have often hired local hoodlums to threaten and beat residents while the police stand on the side and turn a blind eye. If the tenants still refuse to move out, the demolition company will apply for permission to proceed with qiangzhi chaiqian (forced eviction). Violent incidents are usual strategies in forced eviction in China. For example, it has not been unusual for arson to force tenants to flee. Households which refuse to move out from a redevelopment site due to unsatisfactory compensation, are called ‘dingzi hu’ (nail households) in China’s state-controlled media. A local resident, whose old Shikumen alleyway compound located in Taipingquao has yet to be demolished, expressed her anger: The demolition company is a new form of Mafia in Shanghai. If you are gentle and soft, you deem to suffer a loss.\textsuperscript{108}

\textsuperscript{108} Personal conversation on October 17, 2003.
Prior to the Urban Land Reform in 1991, urban redevelopment projects in Shanghai offered on-site relocation to residents. The primary aim of urban redevelopment was still viewed in many respects as improving the quality of urban housing. In the early stage of post-1991 Urban Land Reform, on-site relocation was no longer an option for evicted residents, especially in the inner city old settlements areas, where urban land was commodified, increasing in values, and property was subject to speculation. The escalation of prices in the real estate market challenged older ideas about the goals of urban renewal. There was big money to be made in upscale commercial buildings or luxury residences, which were more likely to abstract surplus from the booming property market. This was also a desirable plan for the neo-liberal district governments that also preferred to gentrify the areas. Under this situation, there was a greater emphasis on off-site relocation, where the district government displaced evicted residents to the suburban outer area where housing prices were much lower than in the city. Evicted residents increasingly had no option but to move out of their original neighbourhoods.

In 2001, a method of monetary compensation was encouraged to replace off-site relocation when the Shanghai Municipal Government published new regulations. After 10 years of Urban Land Reform, marketization and promotion of private home ownership have increased significantly and contributed to the inflation of housing prices. Even suburban housing was getting expensive and it had become more difficult to find available housing to accommodate residents. Under these circumstances, district government no longer provided off-site housing to evicted residents. In the end, the method of providing monetary compensation actually saved district governments and demolition departments the time and money that had gone into locating and securing alternative housing for residents. In this sense, the larger compensation fees actually allowed state and private interests to abstract more direct profit from the process. In addition, monetary compensation forced relocated residents to put money back into the real estate market, thereby increasing demand for housing and enhancing the free market mechanism. But, the compensation fee was far from enough to afford home ownership within a reasonable distance from the city centre. Relocated residents in Shanghai found they no longer enjoyed the low rental fees of public housing, yet, they were also deprived by the pricey real estate market of living close by. Households who had stable income
might manage to buy a home in a distant area, but low-income families were forced to move far out from the city, now not through direct coercion, but by dint of economic circumstance.

Among 23 blocks in Taipingquao, Xintiandi (North and South Alleys), Taiping Lake, and Lakeville Phase I & II all adopted different relocation compensation standards and timing. The residential relocation of about 2,000 households in Xintiandi blocks took 6 months to accomplish, and the 2,800 households in Taiping Lake blocks took only 43 days. As the first Congress Hall of the CCP was encircled by the Xintiandi project, the eviction plan was viewed as one of the celebrations for the 80th anniversary of the founding of the CCP in 2001. The district government paid special attention to accelerate the pace of the procedure, with 7 demolition companies operating at the same time. So as not to be embarrassed due to this political event, the compensation packages were 'relatively' advantageous in comparison with the latter eviction plan in Taipingquao.

A combination of family size and floor size method was adopted to calculate compensation packages. The relocated households could either choose off-site public housing compensation (gongyou zhuzhai tangwu anzhi) or monetary compensation (huobi anzhi). Those who chose off-site relocation also obtained free house ownership and extra floor space. The district government alleged that the cost of compensation for every household was around $200,000 to $300,000 (RMB). However, the actual compensation received by tenants seemed far lower than the officially alleged amount and revealed multiple standards as a result of 'negotiations.' A taxi driver, who previously lived in the Xintiandi block with his wife and two sons said:

At that time, the district government tightly supervised the relocation process. We were old and had no back up; we could not afford to get trouble, so we did not further fight for a better package. Our old flat was about 15 square meters; we accepted $140,000 monetary compensation. They originally only offered $100,000.... We would have chosen off-site relocation in Pudong and enjoyed extra floor space, but they did not let us. We finally bought a second-hand flat of 40 square meters in Minxing District....After all, living in Pudong (the place they offered), is like living
in the countryside. My wife needs to go to hospital quite often, so it is better not to live far away from the city.\textsuperscript{109}

In 2000, the average commodity housing price in Shanghai had increased to 3,866 (RMB) per square meter.\textsuperscript{110} In Luwan the price was about 20\% higher than the average. Thus, with the compensation money they received, evicted residents could no longer settle in Luwan.

A resident who lived in the future Lakeville blocks told me:

Those residents in Xintiandi blocks were lucky to have the option to choose off-site relocation without extra cost. Although the location was a bit far, the flat was about 60-70 square meters. If you were good at negotiation, you would waive the $8000-10,000 (RMB) move-in fee.\textsuperscript{111}

The majority of the relocated flats are semi-finished construction, so-called ‘maopi fang.’ Thus, tenants have to spend extra money for furnishing and construction to make the flat livable. At that time, the market price of a relocated flat (dongqian fang) cost around $132,000 to $175,000 (RMB). It is certain that the demolition companies purchased those flats at a rate lower than the market price. Since 2000 onwards, the average price of the relocated housing sources has been in the same price range, around $2200 to $2500 per square meters. However, the recent trend has been for at least a 25\% housing price increase every year in Shanghai.\textsuperscript{112} The land acquisition fee has risen along with the real estate market and the local state has profited enormously by maintaining relocation costs at a low level. Indeed, the local state and its private partners have positioned evicted residents at the bottom of the spatial hierarchy in globalizing Shanghai, as they have continuously marginalized the choices of the evicted tenants and have displaced them farther and farther away from the city.

\textsuperscript{109} Personal conversation on October 17, 2003.


\textsuperscript{111} Personal conversation on October 15, 2003

In the cases of other blocks in Taipingquao the compensation offers were less generous and less flexible in comparison with the Xintiandi and Taiping Lake blocks. In 2001, despite new regulations, the municipal government continued to offer meager monetary compensation with little option for off-site relocation. In the words of one resident:

Four years ago, residents in Xintiandi got $150,000 (RMB) per household; now we have lower deal. But the housing price has increased more than 40% since then. We don’t have the option for free off-site relocation. If you want, you have to pay the cost of the extra floor. They want to extract all your money....This is very unreasonable. I heard that our block is going to build high class residencies for foreigners, about $12,000 per square meter. But they offered us less than $4,000 [RMB] per square meter. This is wrong.113

The point is that the increased compensation rate never catches up to the fast rising housing prices in Shanghai. A middle age man, who owned a shabby chicken noodle house in a half demolished block, refused to move and told me,

The compensation was unfair. The other store got $20,000 (RMB) more. With a little money....more or less $100,000 (RMB)....how can I find a place to run a restaurant? My family still lives here and they had cut off the supply of water.

Luwan district government only served those wealthy Kong-Tai114 people and our own tycoons (dakuan). We are poor so they want to evict us to the countryside. The package they offered you [me] was the minimized version and was not reasonable. They expected you to bargain with them. It is said that they have put money in their pockets, especially those leaders and officers in the district government. We will be evicted and they will become rich.115

The linkages between the district governments, the demolition organizations, and the absence of a transparent, equal, and unified compensation standard, and of any arms-length mechanism of oversight have created potential for considerable corruption. The district government gave priority to district-owned enterprises to ensure the incentives

113 Personal Conversation on September 30, 2003.
114 ‘Kong-Tai’ refers to Hong Kong and Taiwan.
115 This man also asked me to find him a foreign journalist to report his story.
went to the district sector. Most importantly, the transfer of the authoritarian power to the hands of the demolition companies could legitimize the practices of forced eviction if it was needed. Although connected to the state, the demolition process was operated as a quasi-business. Some government affiliated demolition companies also operated as real estate agencies or developers. The district government would purchase houses from them as relocation houses. Alternatively, a dishonest developer might offer the evicted tenants their own relatively less desirable housing stock in exchange if the government consigned better housing. The supply sources of relocation housing were typically developed by local developers in the suburbs. Thus, ironically, long before any downtown redevelopment project was completed, the related government bureaus and affiliated enterprises had already profited considerably from the demolition and relocation fund.

Shanghai Xintiandi was designed by an American architect Benjamin Wood of the Boston based design firm, Wood and Zapata, with the cooperation of Nikken Sekkei International. Benjamin Wood specializes in the method of ‘adaptive reuse’ to transform historic sites into commercial spaces. Wood once worked together with Benjamin Thompson, who designed Faneuil Hall in downtown Boston, in which case they successfully turned “a landscape of devastation in the inner city into a landscape of consumption.” In the case of Xintiandi, Wood strategically preserved the signature elements of Shikumen alleyway houses, the elaborated stone doorframes and bricks, as the key ‘adaptive’ materials to be ‘reused’ in the new construction of the replicas of Shikumen. The architectural team reinvented a Shikumen-themed shopping arcade, in which Shikumen’s original form was dramatically modified. The contemporary elements such as glass and cement were adapted to cater to the needs of commercial purpose. The private inclusive layout of Shikumen courtyards was replaced by open public spaces to accommodate the outdoor dining and commercial promotional activities. The narrow alleyways were finely structured to provide the circulation of the arcade, while Shikumen’s dark wooden doors were replaced by doors of glass. Inspired by the city’s

116 The method of ‘adaptive reuse’ was applied extensively in the contexts of American inner city renovation projects. The famous cases include the Faneuil Hall in Boston, Baltimore Inner Harbor, and the South Street Seaport in New York.

historic housing, Xintiandi has become the East’s counterpart of Faneuil Hall (Boston), South Street Seaport (New York), and the Old Town Pasadena (Los Angeles) in American world cities.

When Xintiandi opened its door in 2001, it quickly became Shanghai’s most prestigious recreation compound, and Shanghai’s new ‘historical’ landmark. It housed multinational chain stores, such as Starbucks Coffee, McDonald Cafè, Vidal Sassoon Academy, exclusive private clubs, bars, theaters, karaoke houses, bakeries, lifestyle stores, boutiques, spas, gyms, and a variety of restaurants, which offered American, French, German, Italian, Brazilian, Japanese, Taiwanese, and Hong Kong cuisine. A three courses dinner in Xintiandi’s Western-style restaurants such as T8, TMSK, and Vebene, will cost at least $300 (RMB). The high fashion garment labels, such as Marc Jacob, Comm. de Garcons, and Christian Dior can be found in Xintiandi’s boutiques. Its hotel residence, 88 Xintiandi, offers luxurious service to those who can afford from $370 to 520 (US) for a night. Although the first Congress Hall of the Chinese Communist Party adjacent to the east side of Xintiandi has become an integral part of the shopping arcade, the standard of consumption here, clearly, is not aimed at ‘the people.’ To enjoy a cup of coffee in Starbucks’ two-storey Shikumen ambience, with antique stone-carved entry and picture windows, costs 35-48 (RMB), about one-third of the salary people still living in the yet-to-be demolished building in the next block could earn a day.

Xintiandi immediately attracted affluent expatriates, white-collar executives of multinational corporations, foreign tourists, and of course Shanghai’s nouveau riche. A local magazine for the city’s expatriate community, Shanghai Talk, commented that “Xintiandi represented the city’s cosmopolitanism, mix of the West and East.”118 A manager of Xintiandi’s public relations department said:

Yes, our consumption standard is higher than other places in Shanghai...because... Shanghai is a world city and elites from every field all over the world will come here. Xintiandi targets these world class elites. Hundreds of international conferences and conventions are held in Shanghai. For example, the APEC meeting in 2001 was the highest level

event that has ever happened in Shanghai. We hosted three international leaders and many prestigious delegates. It was one of our ‘liangdian’ (spotlighting events).119

During the APEC meeting in 2001, Xintiandi became an official showcase for foreign delegates and reporters to experience the city’s nostalgic spectacle and its flamboyant commercialism. Russian President Vladimir Putin and Singapore Prime Minister Goh Chok Tong held family dinners in Shui On’s private clubhouse - Xintiandi No.1.120 Reservations for Xintiandi No. I were full so quickly that Vincent Lo, the CEO of Shui On Group, found himself awkwardly turning down late reservation requests from other world leaders.121 Taking advantage of the APEC meeting, the international media ran free promotion for Xintiandi. For example, CNN International ran a special coverage on Xintiandi during the APEC meeting. The narrator said:

The city is busy creating fortune as well as embracing a hedonistic lifestyle. In Xintiandi’s main promenade, visitors found enormous choices of restaurants which offered international tastes and trendy bars, and provided dynamic nightlife. Not only does it preserve unique Shikumen houses, which are only found in the old Shanghai, but also provides diversity of leisure and entertainment like other great world cities.122

Xintiandi soon became a media darling. Madame Figaro Japon, a Japanese lifestyle magazine featured Xintiandi in an issue in 2002. The magazine described Xintiandi as “the meeting place of the post-Shanghai generation.”


120 ‘Xintiandi No I.’ is not a Shikumen structure. This three-storey western style villa, which was built in the early 20th Century and designed by architect L. S. Zia, was the so-called ‘nong tang gong quon’ (alleyway residence for gentry). Many Chinese affluent merchants and landlords invested in real estate after they moved to Shanghai. They purchased a piece of land in the settlements and build Shikumen alleyway compounds to lease to individual household. And their residences were usually kept private and tended to be located off the major streets inside their Shikumen blocks. The last owner of this villa was a stationary merchant. After 1949, this villa was conferred into state asset and became the public housing for municipal departments. About 40 families inhabited in this villa before demolition. Shui On restored its original structure and renovated it with luxurious decorations. ‘Xintiandi No. 1’ is now Shui On’s private club, only hosting prestigious guests that required customized services and privacy.


'Xintiandi is the most exciting place in Shanghai. Now the trendiest people all come here to hang out.' A fashionable young Shanghai woman told the journalist....Xintiandi is a Mecca of novelty in the new century. It will be the new focus of the world.\(^\text{123}\)

*Commonwealth*, Taiwan's pro-growth magazine has stated:

Xintiandi is a new paradise for entertainment....Shanghai's economic establishment will continually attract the executives of the multinational corporations to come here. This population will definitely exceed Hong Kong and Taiwan. Therefore, even the most expensive goods will find their customers in Shanghai.\(^\text{124}\)

Xintiandi's instant international fame was also recognized by the Beijing authorities. Many powerful political figures, including Jiang Zeming were said to become Mr. Lo's guests. Xintiandi's commercial success and its spectacular entertainments, based on 'heritage,' made the SMG realize the way that cultural heritage can boost Shanghai's self-claimed global city status. Thus, the Shanghai Municipal Tourism Administrative Commission has promoted Xintiandi on its website:

The integration of the past and the present and the East and West, gives Xintiandi endless charm turning it into the most ideal place for foreign and domestic tourists to have a general view of the history, culture, and modern lifestyle of Shanghai. It is the best place for local citizens and foreigners of refined taste to meet and entertain themselves...One of the purposes of Xintiandi is to make Shanghai a *world class city* without forgetting the beauty of nature and the history of the municipality.\(^\text{125}\)

The so-called "integration of the past and the present and the East and West" and the idea of "history" represents a commodification of nostalgia about Shanghai's colonial past.

Xintiandi’s PR personnel confirmed this:


We located in the former French Concession. There are many foreigners living in Luwan. Avenue Joffre (Huaihai Zong Road) was called the Avenue des Champs Elysées of the East. You know, there is a strong atmosphere of cosmopolitanism. They want to see old Shanghai, a ‘yuan zhi yuan wei’ (authentic taste) of the old Shanghai. Our Shikumen Museum preserves everything, including much antique furniture...you should be able to see our efforts. Rather than destroying Shikumen, Xintiandi revives Shanghai’s ‘lilong’ (alleyway) culture. Our shops and restaurants extend the past glory of Shikumen and invite visitors to taste the life of the old Shanghai.126

In order to further mobilize the cultural value of the Shikumen-themed spectacle, Shui On has established the Shikumen Open House Museum in Xintiandi (or Wulixiang Museum127), claiming to show “how a typical family lived in Shanghai in the 1920s,” and offering insight into the ‘yuan zhi yuan wei’ (authentic taste) of the old ‘lilong culture.’ The museum itself is a renovated Shikumen house which covered about 370 square meters. The showcase of the museum was constructed to fit a three-generation household, featuring the front courtyard, the sitting room, the elderly people’s room, the study, the master bedroom, the daughter’s room, the son’s room, and the kitchen and the Tiangzijing (pavilion room). The whole house has been elegantly decorated using Chinese polished redwood antique furniture with western influences. Many personal belongings such as a lipstick, a copy of an English magazine (featuring Hollywood movie stars), a jade-laid hair clasp, a classic gramophone, embroidered silk qibao (mosquito dresses), and jazz music in the background were deliberately shown in the rooms to add to the character of the former Shikumen dwellers.

However, this provocatively self-serving ‘museum’ most certainly misrepresents the everyday life of the ordinary Shanghai Shikumen dwellers in colonial times. As indicated earlier, in most cases the living condition of Shikumen lilongs, in any given time in the 20th Century, was always congested and was occupied by petty urbanities with modest incomes. The collective memory of Shikumen wulixiang is more typically one of multiple families living in the same units, sharing the kitchen and the sanitary...

126 Personal conversation on May 12, 2005.
127 In Shanghai dialect ‘wulixiang’ means a ‘home.’
facility. In the 1920s and 1930s less than 5% of the Chinese population could claim the role of urban bourgeoisie that could afford to live in a single house, alleyway house, or in a Western-style apartment. Given the spacious size, expensive furniture, and the trendy western influence of the Xintiandi's Open House Museum, one can romantically imagine that the household would belong to an upper middle-class family. This exhibition has awkwardly reinvented the 'memory' of Shikumen lifestyle for Xintiandi's contemporary affluent visitors. It is comforting to think that the 'ordinary people' in Shikumen lived like the gentry class, in order to echo Xintiandi's own plush and cosmopolitan consumption.

In the case of Xintiandi, civic boosterism is on display as much as the drive for profit. As Xintiandi's manager told Taiwan's Commonwealth magazine: [Real estate] Experts would understand that the investment of Xintiandi was just a showcase. We don't expect to gain profit until 10 years later.128 Their more profound purpose was unveiled when the Lakeville phase I, a luxurious high-rise residence project adjacent to the Xintiandi, was released to the real estate market in 2002. A real estate agent in the marketing department of the Lakeville told me:

We sold out the first phase of the Lakeville even before the project was officially announced to the public. As a matter of fact, the buyers approached us, not in the other way around. And the second and the third phase were very popular in the market; too... We are located right next to Xintiandi and Taiping Lake, close to shops, restaurants, theaters. Also, Taiping Lake Park is a scenic green space that is difficult to find this kind of environment in the city center. Our foreign clients found this particularly appealing.129

The listed price of a Lakeville unit was $17,000 (RMB) to $25,000 (RMB) per square meter, the highest in Shanghai at that time. The market price of a unit of the smallest floor space of 120 square meters was about $2.52 million (RMB). Xintiandi's amenities successfully heightened the real estate price in Taipingquao. As a subsequent effect, the real estate value of the neighbourhood blocks will also increase noticeably. Shui On will

extract their profit from other Taipingquao projects, and the Luwan District Government is more likely to increase the land acquisition fee of the blocks adjacent to Taipingquao. In 2007, the price of the newly completed Lakeville Regency climbed to $60,000 (RMB) per square meter, and the resale value of the previous Lakeville units increased to $55,000. But, in comparison with the compensation fee of $120,000 to $140,000 (RMB) the evicted residents received from the developer, it was impossible for them to move back to Taipingquao again. This is ironic but common in Shanghai. The welfare of the Shikumen dwellers is conveniently disregarded by the collusion of the developer and the local state, whose lucrative profits are generated from the spectacle that is built out of the bricks and stone gate frames of their houses.

Interestingly, the once dilapidated Shikumen, so common in Shanghai, had long been disdained by local residents and had been prime targets for demolition in favour of modern high-rise buildings. However, Benjamin Wood’s design rediscovered Shikumen’s commercial value, and turned them into a quasi-spectacle by selling “the idea of [old] Shanghai back to its residents.” In respect to the fetishized image of old Shanghai, no architecture is more authentic than the row of western edifices on the Bund. Inspired by the success of Xintiandi, Huangpu District Government has been seeking FDI to renovate Shanghai’s former imperial spectacles. The Bund is slated to be transformed into China’s Fifth Avenue, where the world’s flagship stores of luxury brands are located. One by one, some buildings have been restored to their ‘colonial charm.’ Three on the Bund and Bund 18, which opened in 2003 and 2004 respectively, have immediately exceeded the fame of Xintiandi and quickly became the most prestigious address in town. Three on the Bund was renovated by Michael Graves and featured a George Armani, a Hugo Boss, an Evian Spa, and a Jean-Georges Vongerichten restaurant. Bund 18 building was the former British Charter Bank of India, Australia & China, and contains even higher end brands, such as the European jewellery boutiques,

130 Since 2001, Lo and Wood has been asked to ‘Xintiandi’ redevelopment projects in 34 Chinese cities. The local states were all enthusiastic to turn urban ghetto into the “New Heaven and Earth.”


132 Huangpu District covers the area of former International Settlement.
Boucheron, Cartier, and Patek Philippe. As in the case of Xintiandi, one can anticipate that in the near future, the Bund will soon be filled with more international flagship stores, headquarters, and restaurants and nightclubs, serving international elites and China's own new tycoons. Benjamin Wood's Xintiandi demonstrated that an American imported strategy used to mobilize flexible spectacle in the post-Fordist North American cities was profitable in Shanghai. But the Bund's revitalization project suggests a spatial and economic throw back to the landscape of colonial Shanghai. Still, no matter if it is new, old, or an adaptation of an old creation, Shanghai's changing landscape today dramatically signifies the city's return to global circuits of wealth and power.
Chapter 5.

Negotiating Post-colonial Hong Kong

Shanghai's transformation from a drab socialist 'producer city' in the early postwar era, to a self-consciously capitalist 'global city' in the early 21st Century, has been nothing short of remarkable. This has occurred, though, at the expense of the traditional socialist concern for 'the people' and especially for mediating and resolving problems that arise because of class inequality. In this sense, it is clear that China's approach to urban development is aptly described by David Harvey as 'neo-liberalism with Chinese characteristics.' We have also seen how the mechanisms of development in Shanghai have lacked any degree of transparency or public oversight. This neo-liberal 'socialism' not only shows the extent to which China has embraced the market, it also shows the extent to which China remains far removed from democracy. The mobilization of spectacle in Shanghai has produced an exhilarating urban environment, but this has not occurred democratically and there have been significant hardships for former residents along the way. Shanghai has embraced the 'creative destruction' that has been so central to modernization in the West, but, as Marshall Berman reminds us, there is a Faustian dimension to this.\footnote{Marshall Berman, \textit{All that is Solid Melts into Air: The Experience of Modernity.} New York: Penguin Books, 1982.} Indeed, the discourse suggesting that Shanghai has actually 'reclaimed' the status it once had, as a semi-colonial world city, is correct in many respects, even down to the return of noticeable spatial divisions based on class and race.

Chapter 3 showed how Hong Kong has followed a different path of development through the 20th Century. Hong Kong remained a British colony until 1997 and it remained unabashedly capitalist throughout the 20th Century. Hong Kong has also been
divided by inequities based on race and class and, the colony was administered through a plutocratic system of elite representation and consultation. While Shanghai was in its ‘unloved’ Maoist phase, Hong Kong continued on as Shanghai’s famous capitalist cousin. Britain positioned the city as a bastion of western free enterprise that precariously situated on the edge of Communist China. Yet, as noted earlier, development in the city was also influenced by the prospect of Hong Kong’s eventual ‘return’ to China in 1997.

July 1st, 1997 was an obvious watershed in Hong Kong’s economic, political and social life. For many westerners, and for many of the city’s Chinese elite, the date marked the beginning of a time of uncertainty and even fear. Yet, as noted in Chapter 3, most of the city’s Chinese residents had feelings that were more ambivalent. The molding of a new identity as a ‘Chinese Hong Konger’ required a phenomenological shift, where the inflection on being Chinese became greater than the inflection on being from Hong Kong. With this came a kind of political re-awakening. Throughout Hong Kong’s colonial history, Chinese who moved to Hong Kong, no matter if temporarily or permanently, had come voluntarily to live under British rule. Because their prime concern was survival, politics was secondary at best for most of the population. For many Hong Kongers, it was not until the beginning of Sino-British Negotiation over Hong Kong’s future in 1982, that politics became a major concern for the first time in their lives. As the volatile nature of Chinese politics was widely feared, the transfer of sovereignty was the most drastic political change in Hong Kong’s history. Adding to this was the onset of the Asian Economic Crisis on July 2\textsuperscript{nd}, 1997, right after the spectacular fanfare celebrating the handover of the city to China. Few Hong Kongers could expect that the economy of post-colonial Hong Kong would soon suffer its worst setback since the Korean War.\footnote{Yun-wing Sung, “Redefining Hong Kong’s Strategy of Growth and Development.” In \textit{New Challenges for Development and Modernization: Hong Kong and the Asia-Pacific Region in the new Millennium}. Ed. Yue-man Yeung. Hong Kong: The Chinese University Press, 2002, 75.} Facing an unprecedented economic downturn, and ambivalent under its new ruler, postcolonial Hong Kong has embraced neo-liberalism wholeheartedly, mobilizing spectacular urban projects, to re-position itself once more as Asia’s leading global city.
Ideology, Domination and Free Market Capitalism

The imperial-backing of princely hongs and taipans resulted in a plutocratic politics of imperial capitalism under the administration of Hong Kong as a Crown colony. Although senior executives of the old hongs routinely held seats in the Executive and the Legislative Councils, and various advisory bodies and committees, this advantageous situation began to change after 1984, when Britain signed the Joint Declaration with China and agreed to hand over Hong Kong to China in 1997. As a subsequent effect, the shares of the British hongs, Kowloon Wharf, Hutchison-Whampoa, Wheelock and a number of their associated companies fell into the hands of Beijing-backed Chinese tycoons. Thus, during the 1980s, the hongs began to lose their representatives in the Governor's advisory bodies. Jardine, Matheson lost its representation in the Executive Council in 1984, while Swire's seat was lost in 1995. Although the Hong Kong and Shanghai Bank, the colony's de facto bank for 130 years, managed to hold its representation in the Executive Council until the end of British rule, the Bank's then Chinese Executive Director Vincent Cheng Hoi-chuen was not appointed to the Chief Executive's cabinet in 1997. However, while the political power of British taipans faced inevitable decline, the Beijing-backed Chinese conglomerates gained more clout. The pragmatic Hong Kong business community now understood that China - Hong Kong's new ruler - would play the pivotal role in Hong Kong's political and economic landscape. Business leaders in the city were eager to establish ties with China to demonstrate their patriotism. Under these circumstances, old hongs, such as Swire, Cable and Wireless, found Chinese business partners to ensure a smoothness of business after 1997. As Lau Chi Kuen puts it: "...call it business following the flag if you like."

The anticipation of shifting sovereignty did introduce a new power bloc in the city. In the final year of British rule, the Chinese government established various provisional advisory bodies for the hand over, to incorporate the Hong Kong elite into Chinese sovereignty. Examples included the Drafting Committee for the Basic Law of

---

1 Vincent Cheng Hoi-chuen was the first Chinese to hold the senior executive post in Hong Kong and Shanghai Bank, whose management was traditionally controlled by the British expatriates. It was believed that Cheng's promotion to this position was a political game played by the Bank to keep its seat in the council beyond 1997.

the HKSAR, the Basic Law Consultative Committee, the Preparation Committee of the HKSAR, and the post of the Hong Kong Affairs Advisor. The new power bloc efficiently forged an alliance of the older elite class, and the future China-backed Hong Kong Special Administration Region (HKSAR) government, and it legitimized the continuity of the well-established elite consultation system. In developing a conciliatory strategy of elite incorporation, the Chinese government handled matters in a calculating way. Public service posts were not only rewarded to patriotic merchants, but were also granted to intellectuals who used to be staunch critics of China, and to opinion leaders who were once associated with British authority.

Although the change in sovereignty meant a re-orientation and reorganization of Hong Kong’s political class, the ideological hegemony of the capitalist free market system remained tenaciously unchanged. Hong Kong’s prosperity and modernity were often attributed to the colonial policy of so-called economic *laissez-faire* and political non-interventionism. This was especially true in dominant colonial discourses that were intended to create the illusion of the benevolent nature of colonial rule in Hong Kong. Policies such as low taxation, a free market and free trade were commonly recognized as beneficial manifestation of the principle of *laissez-faire*. However, Tak-Wing Ngo has argued that *laissez-faire* in Hong Kong was ideologically constructed rather than a technical rendition of actual economic policy.

This narrative [of *laissez-faire*] records only those activities sanctioned by the ruling authorities; justifies policy bias by denying the existence of alternative policy choices; and ascribes economic successes to the ‘good policies’ of the colonial authorities by *post hoc* rationalization.  

Ngo argues that the colonial authority deliberately emphasized the *entrepôt* economy as Hong Kong’s *raison d’être* because the acquisition of Hong Kong as a colony, and the policies of the colonial administration, were meant to serve British merchants’ trade interests. The lucrative business in trade led to an underdevelopment of the manufacturing sector among the British merchants. Indeed, throughout the 20th Century

---

Hong Kong’s industrial sector was largely developed by the Chinese. In order to safeguard the British traders’ interests in the colony, and to buttress colonial domination, the discourse of laissez-faire was simply a result of imperial policy designed to give priority to trade over manufacturing. Similarly, opposition to tariff protection for Hong Kong’s industries was mounted to prevent colonial industrial goods from competing with British home production. Support for the supposed rationality of the free market was rooted more deeply in pragmatic colonial politics than in ideology. For example, the policy of low taxation in Hong Kong was originally adopted under the pressure of the British merchant community to help maximize their profits in Hong Kong. Tax on the highest incomes in Hong Kong has typically been in the 15% range with corporate tax rates running around 16.5%.

Romanticizing business friendly laissez-faire policies in Hong Kong has come at the price of minimal welfare for the poor. Except for limited public housing, health care, and education, the colonial government has never provided pension schemes, unemployment benefits, or minimum wage legislation to ensure a basic standard of living. By promoting economic growth that enriched the capitalist class, the colonial government rationalized the view that social welfare only existed in a “poor economy.” A 1965 White Paper: Aims and Policy for Social Welfare in Hong Kong asserted:

The economic well-being of any community demands that as far as possible every resident contributes to, rather than draws upon, its resources. In other words, quite apart from the obvious dictates of humanitarianism, it is poor economy to sustain non-productive members of the community if by rehabilitation measures they can become partially or fully productive; it is poor economy to have families broken up and members cared for at the expense of the public purse if by preventive measures they can be held together; it is poor economy if handicapped and homeless persons are cared for expensively in institutions when other less expensive but more effective means can be found; it is poor economy to neglect the constructive character-building measures available to individuals, groups and communities through youth groups and community centres when such measures could forestall or avert unrest or...

---

loss of life and property and serve to reduce the pressure on police, prison and probation services.\[^7\]

This view carried the fallacious assumption that, in contrast to "poor economy," 'good economy' would bring benefits to all, reduce poverty, prevent social misfortune, and alleviate social polarization. Ironically, while Britain itself moved towards a strong welfare state over the course of the 20th Century, its colony continued to embrace ruthless social Darwinism that left the poor to fend for themselves. For decades, the Hong Kong government's welfare expenses never exceeded 10\% of GDP.\[^8\] It was not until 1992, with the arrival of the last Governor Christopher Patten, that welfare expenses were raised to 26\%. He took a great step forward in the areas of social welfare for the elderly and in support for the unemployed. However, Pattern's generous increase in welfare was interpreted by Beijing as an irresponsible act that might leave behind a financial burden for the future of HKSAR. The pro-Beijing *Hong Kong Chamber of Commerce* was worried that the increased spending on public welfare services would eventually undermine the viability of the economy.\[^9\] Yet, these meagre improvements did not mean that Hong Kong was marching toward a welfare state or abandoning its typically *laissez-faire* approach to economic and social policy. In a speech at the opening of the 1995/96 session of the Legislative Council, Patten argued that capitalism itself is well-served when citizens receive a measure of public investment:

> Market economies, capitalism if you like, work far better when the strong recognise their responsibilities to the weak. What the economists call social equity investment – spending money on people, their health, their education, their welfare – helps an economy to work better, and broadens support in the community for the purposes and methods of the market.\[^10\]

In this line of thinking, the provision of social welfare is justified by virtue of its role in enhancing economic development. The government only needs to spend on welfare if it

\[^7\] Ibid., 65-66.  
\[^8\] Ibid., 71-72.  
\[^9\] The *Hong Kong Chamber of Commerce*, established in 1884 by British traders, was a quasi-colonial institution. The British-dominated members of the Chamber nominated a Legislative councillor to represent themselves. In the early 1980s, it observed the waning of the British influence and the rising of the Chinese members.  
will improve the economic well-being of the society as a whole, rather than to assist in-need individuals because of any basic rights of citizenship that they may have. The business-friendly, low taxation, and minimal welfare approach to economic and social policy in Hong Kong was not, then, a manifestation of any democratic 'will of people.' Rather, it was a consequence of a state-capitalist coalition that developed policies meant to privilege their needs and business interests.

Although the ideology of laissez-faire was originally promoted to protect British merchants' interests in the colony, the Chinese business elite in Hong Kong also benefited. They understood that their advantageous position was a consequence of an essentially authoritarian colonial political system. The Chinese elite were not clamouring for greater democracy. In fact, there was a high degree of consensus among Chinese elites that western-style democratic rule was not suitable for Hong Kong. In 1984, before China and Britain had reached an agreement over Hong Kong’s future, two prominent media moguls used their own media outlets to champion this view. Lam Shan-muk, founder of the *Hong Kong Economic Journal* stated:

> In fact, a ‘one-man-one-vote’ political system is like providing free lunches. Once it is implemented, the people become addicted even though politicians are aware of the system’s weaknesses, they are unwilling and unable to change it. Rather, they turn around to take part in the game and exploit it to serve their own political interest.11

Lam also lauded the colonial system of ‘elite consultation’ as being the most appropriate political system for Hong Kong: “[It] allowed outstanding individuals from a cross-section of the society to take part in government.”12 In a similar vein, Louis Cha, founder of the Chinese newspaper *Ming Pao*, pointed out that the people of Hong Kong are not ready for democratic politics.

> This was because a democratically elected government was likely to be dominated by representatives of the working class who would provide more welfare and interfere with business.... a more workable political

---

12 Ibid., 33.
system for Hong Kong would be to have some form of consultative government which would maintain the territory's free economic system.\textsuperscript{13}

Both Lam and Cha were reputed journalists whose points of view represented conventional discourse among Hong Kong intellectuals. Discourses of this kind were also commonly held among the business community, which had largely benefited from access to economic and political privileges. A ruling member of the business elite, Sir Sez-yuen Chung, who sat as a senior unofficial member of the Executive Council from 1980 to 1988, defended Hong Kong's lack of democracy,

Hong Kong has benefited over the years from the lack of democracy. The irony is that, in the late 1950s and 1960, I was supporting the manufacturers' demands that Government do more to protect industry by imposing an import duty on some product, and providing incentives for local factories. There were also calls on the administration to introduce a minimum wage for workers. If there had been any form of democracy then, the Government would have been under pressure to meet these demands, and it would have been the end of Hong Kong as a free port and a territory with low taxation. I have always said that if Hong Kong had had democracy, then, it would never have been able to maintain its free port status […] Strong government has always been a major factor behind Hong Kong's success, and has enabled successive administrations to take a long term overall view on policy changes […] one thing must remain unchanged: Hong Kong's political neutrality.\textsuperscript{14}

Whether or not the absence of democracy in colonial rule directly contributed to Hong Kong's economic success remains a debatable issue. However, despite a rhetorical concern for the economic well-being of the society as a whole, Hong Kong's upper-class openly denied political participation to the city's working classes. If Hong Kong were not a free port, if the working class would have had the right to fight for minimum wages, the elite classes would be the first to be affected. If Hong Kong had been a democratic state the voices of the city's elites would not have been as overwhelmingly influential as before. Facing the transfer of sovereignty, the elite's self-serving argument against democracy was tantamount to submitting their political loyalty to China. It is worth

\textsuperscript{13} Ibid., 32.

\textsuperscript{14} Sally Blyth and Ian Wortherspoon, *Hong Kong Remembers*. Hong Kong: Oxford University Press, 1996, 53-54.
noting that Louis Cha was later handpicked by Beijing as a member of the Drafting Committee for the Basic Law; and Sez-yuen Chung, who claimed that he kept ‘political neutrality,’ was reappointed to the Executive Council of the HKSAR with Beijing’s blessing.

From China’s point of view, maintaining Hong Kong’s free market capitalism and its economic prosperity best serves the country’s economic interests. Hong Kong’s investment in China has been the highest among all countries and is an indispensable source for China’s recent economic development. Moreover, Chinese corporations have invested enormously in strategic industries to underpin their political control of Hong Kong since the 1980s. It is certainly against China’s interests to impose any political and ideological changes that would undermine Hong Kong’s economy. Deng Xiaoping, China’s architect of authoritarian neo-liberal capitalism, clearly stated:

Hong Kong’s systems of government should not be completely Westernized; no Western system can be copied in toto. For a century and a half Hong Kong has been operating under a system different from those of Great Britain and the United States.15

Today, the post-colonial HKSAR government of the People’s Republic China is an amalgam of both inherited and more contemporary political structure and ideas. It is a combination of the legacy of the Crown colony government, a partially representative government under an authoritarian mother state, and, most importantly, a neo-liberal entrepreneurial post-colonial state. Fundamentally, the basic structure of the old colonial government survived the post-1997 political transformation. The differences are that the HKSAR government is now led by a Chief Executive, and a Legislative Council that is partially directly elected. The Chief Executive is handpicked by Beijing and elected by the electoral college of a massive 800-member committee with all the positions rubber-stamped by the Chinese central government. Similar to the older colonial government, the members of the Executive Council are appointed by the Chief Executive as his own

15 Deng Xiaoping, Deng Xiaoping on the Question of Hong Kong, Hong Kong: New Horizon Press, 1993, 55.
consultative cabinet. In 1997, the ratio of the Legislative Council was 33% directly elected seats vs. 67% indirectly elected functional constituencies.

Under the shadow of ‘decolonization without independence,’ an entrepreneurial state, which assiduously deepens the economic order of neo-liberal capitalism, is a conspiracy between rising power holders in both China and Hong Kong. Like the case in the colonial government, where ruling elites formed a political alliance with the capitalist class, the collaboration between political elites and capitalists continues in the postcolonial HKSAR government. The first Chief Executive, Tung Chee-hwa (1997-2005) had an extensive entrepreneurial background. He was a shipping mogul with tight connections to the Beijing government. With the consent of China, Tung appointed his business allies and friends to the Executive Council as a reward for their political support. Most of them lacked any political portfolio. For instance, Anthony Leung Kam-chung, the Managing Director of Chase Manhattan Bank, was appointed to the executive Council and put in charge of education policy. Leung Chun-ying, a real estate magnate, was conveniently assigned to be in charge of housing policy. Three prominent members of the Hong Kong Federation of Industries, Sir Sze-yuen Chung, Raymond Chien Kuo-fung, and Henry Ying-yen were also invited into the cabinet. Yiu-chung Tam was the only working class representative in the Council. But he has been criticized for losing “his political determination and power to constantly fight for the interests of the poor and the needy and that of the unemployed workers”, and for acting like a “labour

16 In 1985, the Bank of China provided financial aid to rescue Tung’s shipping company, Orient Overseas Container Lines, from bankruptcy, and it is widely believed that the Chinese central government was behind this rescue. Owning to this matter, Tung returned China with his adamant loyalty and he was highly trusted by Beijing. Prior to 1997, Tung had held various political positions; he was Vice-Chairman of the Preparation Committee of the HKSAR and a Hong Kong Affairs Adviser to the People’s Republic China. He was also a member of the Basic Law Consultative Committee and served in the Executive Council from 1992 to 1996.
aristocrat." All of this leads to the inevitable truth that the postcolonial state is not collaborating with the capitalist class any less than the older colonial states.

The HKSAR government has no interest in building a comprehensive welfare program that might become a burden to government revenue. This rationale of putting economic growth above social welfare is stipulated in the Basic Law. Article 107 states,

[The HKSAR government] shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a financial balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product.

Along these lines, even during the Asian Economic Crisis, the government continually vowed to keep Hong Kong’s free market capitalism and to safeguard the interests of the private sector. As Tung stated in his 1997’s policy address:

My administration will strive to improve the environment for business in Hong Kong so that everyone has the opportunity to prosper through their work and so contribute to the common prosperity. Our efforts will be directed to increasing our external competitiveness, increasing friendliness to business within Hong Kong and to promoting a healthy competitive environment. We will do everything to remove obstacles and constrains to

---


18 The Basic Law ensures that the capitalist and professional elite dominate in the Election Committee, which elects the Chief Executive and part of Legislative Councillors. (Under the Basic Law, 10 seats of the Legislative Council came from the Election Committee in 1998, 6 seats in 2000, and there is no seat representing the Election Committee thereafter.) The 800-member of the committee were drawn from four sectors: industrial, commercial, and financial sectors, the professions, members of the Legislative Council, representatives of district-based organizations, Hong Kong duties to China’s National People’s Congress, and representatives of Hong Kong members of the National Committee of the Chinese People’s Political Consultative Conference, labour, social services, religious, and other sectors. In the elections of 2002 and 2007, the numbers of the Selection Committee had been amended to 800 members, 200 members for each sector. Apparently, the committee is largely predominated by the current government officials, economic and professional elites, as the seats for labour only account for 5% of the Election Committee. Hong Kong Statistics show that the total labour force was about 3,665,000 in the period of November 2007 to January 2008. Hong Kong has population of 6,980,412 in 2007. Compared to the total labour force in Hong Kong, which accounts for over half of its population, the composition of the Election Committee does not represent the population of Hong Kong. **Hong Kong Basic Law**, “Annex I: Method to Selection the Chief Executive of the Hong Kong Special Administrative Region.” Hong Kong: Hong Kong SAR. The method will be reviewed and amended every 5 years if necessary.

business development...Key to our economic efficiency and international competitiveness is openness and competitiveness within Hong Kong’s economy.²⁰

Yet, in response to public demand for tax rebates, Financial Secretary Anthony Leung²¹ approached this request with social Darwinist overtones and turned it down by saying that the Government would not use its huge foreign reserves to offer direct financial relief to the public to overcome economic difficulties. He felt that the public should not rely on the government, but should be self-sufficient through methods such as ‘life-long learning.’²² It is clear, then, that even under Communist Party leadership that the priority of government policy in Hong Kong is to govern for economic growth rather than for social justice or equality.

Contested Landscapes:
The Politics of the Spectacle and the Spectacle of Politics

Hong Kong is not short on spectacle. The city itself is a kind of spectacle, initially built to serve its ‘colonial father,’ taipans and compradors. Now the spectacle serves a new political master, present-day compradors and the global capitalist class.²³ As indicated in Chapter 3, Hong Kong’s cityscape dramatized the privileges of imperial capitalism and race in the heyday of colonial rule. The Empire took visuality seriously and its power was evident in spatial organization and representation. I have already noted how the Peak was an exclusive foreign enclave in which Chinese, no matter how rich,

---


²¹ Anthony Leung, formerly the Asia-Pacific Chairman of the Chase Manhattan Bank, served as Financial Secretary from 2001-2003. He was the first principal official that did not rise from the civil service system. Leung came under severe criticism in March 2003, a week after he announced a tax on new vehicles. The local media revealed that he had just purchased a new Lexus LS in January, in time to avoid the tax of his own making. He stepped down in July after a massive protest over the government’s handling of an anti-subversive bill imposed by China.


²³ Hong Kong’s last Governor, Chris Patten stated that the Hong Kong Chep Lap Kok Airport is a ‘dowry’ to Hong Kong people. The metaphor of ‘dowry’ implied that Hong Kong’s identity in the politics of handover is a daughter, having Britain as her father and China is her husband. This reflects Hong Kong’s lack of autonomy and its subjugated role between its two patriarchal masters. Michael Yahuda, Hong Kong: China’s Challenge. New York: Routledge, 1996, 72-3.

268
were forbidden to live. The Central District, where the Royal Square, the headquarters of
the Princely hongs, the Hong Kong and Shanghai Bank, the Jardine, Matheson building,
the Supreme Court, and the Governor House were located, represented the political and
economic Asian command centre of the British Empire. The Hong Kong Hotel and the
Peninsular Hotel were hallmark colonial destination hotels, providing accommodation to
their prestigious visitors, who traveled between Asian colonial port cities. The Chinese
quarter was spatially well removed from the Peak and from the Central District. Except
for a handful of compradors and Chinese gentry, the majority of the Chinese population
lived beneath the shimmering images of colonial prosperity, in low-rise crowded
tenement houses built with soft porous Canton bricks. However, things began to change
after the Second World War.

The post-war colonial state secured its support through a coalition of Chinese
immigrants, and the local business class, who desired social stability and economic
prosperity. This led to a softening of some of the older Imperial prejudices. After the war,
racial segregation was renounced and Chinese were permitted to live on the Peak, if they
could afford it, and allowed to enter horses in the Hong Kong Jockey Club. As a British
colony, Hong Kong's post-war economy was boosted by the U.S.-Britain led rebuilding
of the global capitalist economy. And, since the 1970s, Hong Kong's rapid economic
growth has been the envy of the world. By 1997, the significance of Hong Kong as an
industrial, trade, and financial centre, had risen considerably and the city had moved far
up the hierarchy of global cities. By taking advantage of China's economic reform, and
geographic proximity to Guangdong, Hong Kong's industries shifted operations across
the border to China, where labour and factory costs were 75% lower than in Hong Kong.
Cooperative efforts between Hong Kong's industrial headquarters and factories in the
cities of Shenzhen and Guangzhou formed the model of “qian dian hon chang” (shop in
the front and factory at the back) that has efficiently strengthened the competitiveness of
Hong Kong industrial products in the global market. Greater openness and economic
reform in China, allowed Hong Kong to successfully resume its entrepôt trade with the
mainland. By 1997, Hong Kong’s trade with China had “regained the dominance that it held for a hundred years before the 1940s.”

By building on its existing trading routes in North America and Western Europe, in addition to its expansion into China, Hong Kong’s economy took off again in the 1990s. By 1996, the number of financial institutions in the city rose 252% from the 1970s and insurance service firms astoundingly increased by 1821%. Multinational corporations set up their headquarters in Hong Kong by utilizing its rich resources of producer services while they expanded their business networks in the region, particularly in China. This has been accompanied by an equally rapid urbanization. At the end of the century there could be no doubt that Hong Kong had become a global metropolis.

Hong Kong’s harbour skyline was always spectacular, even compared to that of other global cities. Since the 1980s, however, and like Shanghai, Hong Kong’s spatial order has continued to undergo a process of ‘spectacularization.’ According to Spiro Kosrof:

Skylines are an urban signature. They are the shorthand of urban identity, and the chance for urban flourishing. [...] These landmarks focus city forms and highlight city portraits. The presentation itself is contrived. It is chiefly meant for an external audience. The artist composes the urban skyline with the pilgrim, the official visitor, the common tourist in mind. This image changes slowly and deliberately. [...] When the towered railway terminal and its hotel lift up its silhouette in emulation of the urban cathedral, we know that the old values are reduced or overtopped. When the city centre ends up as an aggregate of tall office buildings, we recognize that the city has succumbed to the advertising urges of private enterprise.

With multinational corporate office towers, banks, restaurants, hotels, and shopping complexes pre-dominantly in the city’s Central Business District (CBD) Hong Kong’s skyline in development from past to present, displays its identity as a capitalist enclave.

25 Ibid., 216-217.
Its cityscape, which now rivals that of London and Tokyo, is a theatrical stage for capital accumulation and competition, with every structure bearing corporate identity and vying to impress spectators, tourists, investors, and traders. The consummate manner in which articulated spectacles compete with one another can be said to be a complex process of reification of the city’s physical form.

The spatial dynamics between the buildings of Hong Kong and Shanghai Bank (HSBC) and the Bank of China best illustrate the theatrical play of two competing spectacles. Hong Kong Bank was located in the heart of the colonial centre. Seated in front of Statue Square\(^{27}\) overlooking Victoria Harbour, the Hong Kong Bank building is the first monumental architectural wonder coming into sight of the tourists and passengers arriving from the Star Ferry Pier. In the heyday of imperialism this area was like the Bund in Shanghai, where a register of the main imperial institutions were concentrated. The Supreme Court, the Hong Kong Club, the Governor’s House, and City Hall were the Hong Kong Bank’s neighbours. It was a place that only the colonial elite, such as taipans, colonial administrators, compradors, naval officers, and judges in wigs were permitted to access. But, during its post-war development, Hong Kong’s Central District has been transformed into a financial capital. As the attitude of colonial possession succumbed to the desire for economic growth on a larger scale, the colonial buildings of the past were often demolished to make room for new commercial edifices. While the Hong Kong Club was torn down and City Hall was demolished in 1947 to provide sites for two bank buildings, the Hong Kong Bank still stands on its original site, asserting the legacy of earlier colonial authority along with that of global capitalism, but the Bank’s offices have been rebuilt several times. Its first headquarters were built in 1886, and a second one, a modernist Art Deco edifice was erected in 1935. The Hong

\(^{27}\) The Statue Square was called Royal Square before 1945. It was a colonial ceremonial place which used to contain a Cenotaph commemorating the dead of the World War I, effigies of Queen Victoria, Edward VII, King George V, Queen Alexandra and the Duke of Connaught. Writer Ian Morris illustrated the now-obsolete scene when it was still called Royal Square. “...opened directly upon the harbour, rather like the Piazza Unità in Trieste, and to the west ran a waterfront esplanade, called the Praya after its Macao original. The steep green island hills rose directly behind the square, and it was surrounded by structures of consequence – Government House where the Governor lived, Head Quarter House where the General lived, a nobly classical City Hall, the Anglican cathedral, the Supreme Court, the Hongkong and Shanghai Bank. The effect was scaled by the spectacle of the ships passing to and fro at the north end of the square, and by the presence of four emblematically imperial prerequisites: a dockyard of the Royal Navy, a cricket field, the Hong Kong Club and a statue of Queen Victoria.” Jan Morris, *Hong Kong: Epilogue to an Empire*. New York: Vintage Books, 1985, 41.
Kong Bank began construction of its third headquarters in 1979 when Britain was in a mood of extreme confidence about its rule in Hong Kong and did not anticipate that China would demand Britain to leave in the upcoming Sino-British Negotiation that began in 1982. The Chairman of the Hong Kong Bank’s Board Project Policy Control Committee concluded that “the new building would have to be the highest in quality both in name and reality for fifty years.”

The Bank assigned British architect Norman Foster as the principal architect for the project. To meet the Bank’s requirement, the project was coordinated by a multinational team made up of people from 20 countries. Almost every component was pre-fabricated in a local factory and then imported to Hong Kong for on-site assemblage. The new building is a 52-floor 400-meter skyscraper overlooking Victoria harbour. Foster’s space-age design distinguished the Hong Kong Bank from the usual box-shaped tower. Its futuristic exterior boldly adopted multiple vertical ladder trusses and heavy steel masts as a skeleton from which the floor clusters were suspended. In addition, the new building was, at that time, the most expensive real estate in the world, costing US $1,300 million. When it was completed in 1986, its visual appeal and innovative technology efficiently symbolized the Hong Kong Bank’s financial prowess in the global financial order. However, the Hong Kong Bank’s dream of having its headquarters act as the city’s most enduring ‘spectacle’ for 50 years received a significant challenge only four years later.

In 1990, the new headquarters of the Bank of China soon dwarfed the Hong Kong Bank. Designed by overseas Chinese architect I. M. Pei, the 72-storey Bank of China, made of glass, granite, and silver aluminum frames, became Hong Kong’s newest landmark. The new building is not a dull boxy skyscraper, either. The design consisted of four geometric prisms, varying in heights, which elegantly emerge triumphantly towards the sky. There is a pride in being the tallest building in order to dominate the skyline and to have a panoramic view from the highest position in the city. In addition to height and

---


29 Ibid., 1.
visuality the design of the Bank of China was said to follow the rules of Chinese *fung seu* (or *fang shui*), a 'vernacular' concept, to use a postmodern term. Against the gloomy backdrop of the Tiananmen Square Incident in 1989, and the drafting process of the Basic Law from 1985 to 1990, the erection of the Bank of China, only blocks away from the Hong Kong Bank, symbolically reasserted China's sovereignty over Hong Kong. Locked in a spatial and political rivalry between China and Britain, these two impressive financial spectacles became architectural incarnations of the politics of a changing sovereignty; though, in the end, both buildings “[belong] to the same internationalist architectural system,” as noted by Ackbar Abbas.30 Indeed, these two buildings were typical products of transnational cooperation among the nation states, prestigious developers, financially resourceful banks and producer services, elite architects and planning firms. Altogether, they are able to mobilize vast flows of capital (monetary and symbolic), professions, and ideologies. In this sense, the ocular drama displayed in Hong Kong’s skyline can be seen as a reification of the myriad of commodity relations that are indissolubly entangled with the relentless logic of capitalist accumulation. In this sense, judging from Hong Kong’s spectacular cityscape, it does not matter if Hong Kong is controlled by either Britain or China; Hong Kong is in reality most profoundly colonized by global capitalism.

Still, no matter how spectacular, the process of reification cannot prevent the market value of the spectacle from ultimate depreciation. The cases of the Hong Kong Bank and the Bank of China — companies that have rejuvenated their headquarters to heighten the cash value of their ‘image’ — are apt in this respect. In Hong Kong, buildings have been torn down relentlessly without hesitation to generate a new cycle of commodification and the flows of capital. Land is then parcelled out again to build more spectacles. As urban space has become more compressed, new architecture must now vie for spatial domination on the basis of verticality or visuality. When the Bank of China was completed in 1990, its bamboo-like, *fung-seui*-influenced white tower imbued Hong Kong’s financial landscape with politically correct Chinese characteristics, and it was

Asia’s tallest building. But the fanfare associated with the Bank of China was replaced by that associated with Citibank’s Central Plaza in 1992. In 2003, the soaring tower of the Two International Financial Centre (Two IFC), which housed the Hong Kong Monetary Authority, usurped the position once occupied by Central Plaza. Two IFC offered some of the most expensive Grade A office spaces in town. As of 2007, Two IFC asked for leases of HK$ 150 per square foot. Still, the stiff competition proves that the liquid title of the ‘tallest building’ can only be euphemistically held. A new monumental edifice, the International Commerce Center, currently under construction, will usurp Two IFC and redefine the hierarchy of Hong Kong’s spatial order in the year of 2010.

The new Hong Kong International Airport at Chep Lap Kok, which replaced the single-runway Kai Tak Airport, situated within the urban area, is another spectacular event in Hong Kong’s capitalist driven landscape. This mammoth new airport opened in 1998 and has since become one of the world’s busiest airports in terms of international passengers and cargo movements. At the beginning this project was a political football in that both China and Britain tried to mobilize their influence over the global capital, which was projected to be invested in the new airport. The entire project cost US $ 22.6 billion, including the construction of the new airport, two land reclamations, six transportation links, and the launch of a new town, Tung Chung, to support the new airport.

The need for a new airport in Hong Kong had been clear since the mid-1980s but the decision to build it, unveiled in October 1989, came at a highly sensitive time, following the violent crackdown on the democratic movement in Tiananmen in June 1989, and the subsequent British and European Union sanctions against the PRC. Britain leveraged the political crisis in China for propaganda purposes and used this project as an appeal to its moral responsibility for the well-being of the Hong Kong people. Governor David Wilson remarked at the time that it was Britain’s responsibility “to plan for the long term future of Hong Kong”; and Percy Cradock, who was assigned a secretive

mission to Beijing to negotiate the project deemed these: "efforts on our side to restore confidence in Hong Kong."32

China’s interpretation was entirely different. China looked upon the move with suspicion, claiming that it was an attempt to drain Hong Kong’s fiscal reserves in advance of the British departure. China was concerned that the new airport project would saddle the post-1997 HKSAR government with a burdensome debt. Awarding the contracts to British firms, and to architect Norman Foster (who designed the Hong Kong Bank), was perceived as Britain’s parting gift to its own contractors.33 Various bitter negotiations between China and Britain failed initially to secure the project. Britain’s last Governor’s efforts to bring in eleventh hour political reforms, to create an elected democracy in Hong Kong, added tensions to an already hostile relationship between China and Britain. In this context, the future of the airport was uncertain. Governor Christopher Patten argued that the new airport was a ‘dowry,’ bequeathed by the departing colonial government, rather than a financial millstone. This metaphor with Chinese characteristics failed to please China. Li Peng, Premier of the PRC, rebutted: “During the more than one hundred years of its role, which began 1884 [sic], the British Empire took away much more wealth than the ‘dowry’ it will leave in 1997.”34

However, the issue was finally resolved and the new airport has fortified Hong Kong’s status as a transportation hub in Asian-Pacific trade, a role that China is eager to play in the 21st Century. Despite the early deadlock in negotiations, China National Aviation Corp., a Chinese state-owned company, purchased 10% shares in Hong Kong’s monopoly air cargo handler, Hong Kong Air Cargo Terminal Ltd. This indicated that China was bullish about Hong Kong as a centre of air traffic. However, China did not want to play the open game of politics that Britain obviously wanted. Chinese authorities were not persuaded that the new airport would boost the confidence of Hong Kong’s


residents. In any case, without China’s approval the global consortia were reluctant to invest in the spectacular project. Forty percent of the proposed US $22.6 billion cost would have to come from private investors and bank loans. At the end of the day, it was the confidence of the global investors that the pragmatic British authorities aimed to restore. This was China’s trump card because only China could guarantee the confidence of global investors. The progress of the project was delayed and plagued by seething political dispute that delayed the project until well after 1997. So, in the end, the new Chep Lap Kok airport was completed under China’s rule. It was China, not Britain, who hosted the opening ceremony under the attention of the global media - attention that would transform this monumental architecture into a grand spectacle.

Hong Kong’s ‘airport debate’ in the 1990s had an interesting sidebar story. Hong Kong’s sewage system badly needed updating and one of the alternative options was to divert airport funds to update Hong Kong’s sewage system. The problem is there is no political cachet in sewage. Neither China nor Britain, nor the global investors, were particularly interested in investing in a very unspectacular sewage treatment system. Compared to a sewage treatment system, a grandiose airport, which could symbolize Hong Kong’s gateway to the future was a far more appealing option.

**Post-colonial Hong Kong: Asia’s World City in the Making**

Hong Kong developed through the late 1990s amidst the broader financial turmoil of the Asian economic collapse. Not only did Hong Kong have to struggle to recover from the economic crisis, but it had to survive in a more intensified inter-urban competition in the Asian-Pacific region. Paradoxically, Hong Kong’s new identity as a post-colonial city after 1997 was challenged by a dilemma - either pursuing decolonization as a first priority or deepening the city’s commitment to internationalization. For instance, after 1997 the Chief Executive of the HKSAR insisted on implementing a requirement to teach the ‘mother-tongue’- Mandarin – in schools and this initiative aroused a great deal of criticism. Students’ average scores on English tests were lower than they were before Mandarin teaching began and pro-business liberal commentators
expressed their concerns that Hong Kong might lose its advantage in English speaking manpower over Singapore in the future.

Hong Kongers also felt a renewed inter-urban challenge from Shanghai. Although Shanghai in the 1990s was relatively behind Hong Kong as an international hub, the city was catching up with unbelievable speed after China positioned Shanghai as a Dragon Head in 1992. On various occasions, Shanghai’s leaders openly proclaimed that Shanghai would soon surpass the role of Hong Kong in China. More recently, public discourse in Hong Kong has raised concerns that Hong Kong might eventually be reduced to a regional city in China’s Pearl River Delta, owing to the rapid industrial development and urbanization of Guangzhou, Shenzhen, and Zhuhai. Although it is politically necessary for the Beijing government to demonstrate to Hong Kong and the international media that it is China’s interest to keep a non-interventionist attitude toward Hong Kong affairs, Hong Kong has remained low key in facing Shanghai’s challenge. Thus, on the one hand, the HKSAR government has meticulously demonstrated Hong Kong’s ‘patriotism’ and its ‘Chinese characteristics’ to Beijing. But, on the other hand, Hong Kong’s business elites and civic leaders want the city to differentiate itself from other Chinese cities in order to maintain its competitive edge.

In order to invigorate Hong Kong’s slack economy, the city’s Chief Executive has proposed new projects and image-making campaigns almost annually, in order to redefine the city’s identity. Examples of these ‘saving-Hong Kong’ projects are as follows:

1997 calling for Hong Kong to be a Chinese Medicine Hub
1998 the announcement of Hong Kong Disneyland
2001 the launch of Brand Hong Kong: Asia’s World City programme35
2002-2005 the launch of the West Kowloon Cultural District

Interestingly, rather than a ‘Chinese’ world city, this is an uneasy respond to Hong Kong’s ‘re-nationalization.’

35
These projects not only aimed to revive Hong Kong’s economy, but can also be seen as a reflection of the city’s frantic search for a new identity after the 1997 ‘return’ to China. However, despite these massive efforts at ‘branding’ and re-development, it remains questionable whether post-colonial Hong Kong can achieve its former prominence under China’s rule. Instead of introducing badly-needed political changes, these efforts were like ‘swirling old wine in a new bottle.’ Communist Party rule only intensified Hong Kong’s pursuit of higher status in global capitalist networks. Like Shanghai, one key strategy in this pursuit is the self-conscious mobilization of spectacle. Three of the most notable of these spectacles are the Hong Kong Cyberport, the West Kowloon Cultural District and Hong Kong Disneyland.

Following the recommendation of the late Chang-Lin Tien, the former Chancellor of the University of California, Berkeley, who chaired Hong Kong’s Commission on Innovation and Technology, Chief Executive Tung took a proactive approach to the development of information technology. In his 1997 and 1998 policy addresses, Tung announced the city’s intention to target IT as a key strategy to revive the flagging economy and to infuse a renewed sense of ‘globality’ into Hong Kong. He stated:

The world’s most outstanding economic success stories of recent years have mostly involved the application of innovation and technology…To achieve success in this area however does require a dedicated effort and a commitment to investing in the necessary technological infrastructure, which includes research and development, support to industry and human resources. Although the rewards may not be immediately apparent, this is an essential investment in our future…to realize our vision for Hong Kong to become an innovation and technology centre for South China and the region, we need to position ourselves to be a leading city in the world for the development and application of information technology, especially in electronic commerce and software engineering.36

In line with these directives, the Information Technology andBroadcasting Bureau (ITBB) was set up in 1998 and subsequently commissioned the Digital 21 Strategy. Under the scheme of Digital 21, the government embarked on a flagship IT project,

Cyberport at scenic Telegram Bay. The Cyberport project was conceived as Hong Kong’s answer to Silicon Valley. This dream of the digital city also mirrored Hong Kong’s uneasy response to the IT achievements of other Asian tiger economies in neighbouring countries. The project had a vision to create:

a comprehensive facility designed to foster the development of Hong Kong’s information services sector and to enhance Hong Kong’s position as the premier information and telecommunications hub in Asia…[T]he Cyberport is meant to attract, nurture and retain the relevant innovative talent necessary to build a cyber-culture critical mass in Hong Kong.³⁷

Yet, on close examination, the Cyberport is little more than a real estate development project that enriches the private sector. From the very beginning, this high profile project was overshadowed by a lack of transparency between the government and the designated developer. This HK $13.6 billion (US $1.68 billion), 25.6 hectares Cyberport project was a government joint effort with Richard Li, the Chairman of the Pacific Century Cyberoworks Ltd (PCCW).³⁸ Li is the younger son of tycoon Li Ka-shing. Without formal public tender he acquired the valuable waterfront site for real estate development along with the Cyberport deal from Tung’s administration. Public critics cried cronyism and favouritism, and free market ideologues claimed that the deal violated Hong Kong’s long-standing culture of laissez-faire.

In addition to a state-of-the-art office venture that occupied two thirds of the site, the Cyberport also included a 173-room five-star hotel called Le Meridien Cyberport, and an 8-block 48-floor high-rise with an ocean view known as the Bel-Air on the Peak. In addition there were luxury harbour front villas known as Residence Bel-Air and associated recreation facilities, which accounted for one-third of the site. Based on the total floor space the IT office spaces only accounted for 17% of the developed space, compared to residential space of over 75%.³⁹ In fact, it is the luxury residential schemes that are the primary commodities in the Cyberport. Under the careful calculation of the

³⁷ Hong Kong Cyberport, Hong Kong: Hong Kong Cyberport, 1999, 1.
³⁸ PCCW is Hong Kong’s biggest telecommunications enterprise.
developer, the sea-front homes, valued at HK $2,700 per square foot, were much sought after by Hong Kong’s real estate speculators. Its 2,800 units were sold out within months. It is unlikely that these property buyers were the “cyber culture critical mass” that the government’s Silicon Valley dream originally projected.

By the same token, it is unlikely that the dazzling, but largely empty, cyber-offices are capable of mobilizing global informational flows as imagined in the design stage. Currently, only about half of the office spaces of the Cyberport are occupied; and the originally projected world class IT tenants, such as Microsoft, Oracle, Yahoo!, and Softbank never materialized. Today, most tenants are small and medium-size enterprises. More specifically, this project reflected the government’s simple-minded image-making strategy. The ‘if you build it they will come’ approach to IT development was naïve. Wired water front office spaces alone, which possess considerable exchange value as real estate are far from enough to nurture a Silicon Valley. In the end, the cyber villas proved to be more marketable than the cyber offices.

Similar to the Cyberport, the West Kowloon Cultural District (WKCD), Hong Kong’s answer to London’s South Bank and West End, was a government flagship project meant to strengthen the city’s cultural economy. The premise was daring: transform a large piece of reclaimed land into a permanent harbour front spectacle. In Tung’s 1998 policy address, he stated,

In order to enhance our appeal as a tourist destination, we will promote new attractions which will complement our unique flavour and provide for a wider range of events in Hong Kong. Our broader vision is to cultivate Hong Kong’s image as the Asian center of arts and culture, and of entertainment and sporting events...The Government is committed to providing more support in this area, and as a catalyst for a new, state-of-the-art performance venue on the West Kowloon reclamation.40

On the surface, this spectacular project aimed to target and to expand cultural production and consumption in the pursuit of leisure capital and global investment. But, like the case

of the Cyberport, the WKCD also includes commercial and real estate developments whose potential for huge profits proved to be greatly coveted by local developers. The first public tender held in 2004 attracted 5 large Hong Kong business conglomerates to compete for the mega project. But in 2005, Donald Tsang's administration lowered the residential-commercial ratio in the project plan and many of the shortlisted developers balked. At the time of this writing, the project continues to be at the stage of public consultation.

Hong Kong Disneyland best demonstrates the HKSAR government's commitment to neo-liberal capitalism through the self-conscious mobilization of spectacle. The Hong Kong Disneyland project was strategically set up to revive Hong Kong's competitive edge during the economic slowdown brought on by the outbreak of the Asian Financial Crisis. Facing a budget deficit, the possibility of an economic recession, an escalating unemployment rate, and a failing property sector, the government invested heavily in the leisure and tourist sector in an attempt to attract global consumption to stimulate overall economic growth and to "soak up the manpower surplus and lower the unemployment rate." In 1999 the property sector represented the major driving force in Hong Kong's economy and accounted for over 65% of stock market valuation in the city and over 50% of bank lending. Hong Kong's post-colonial government derives much of its revenue from land leases and taxes on property transactions. However, this overreliance on the property sector resulted in budget deficits of HK$ 32 billion when the property sector showed early weakness in late 1997. Since the tourist sector accounted for only 4% of economic growth by 1999, the HKSAR government intended to expand the leisure industry sector to diversify its sources of economic growth.42

Desperate to bring new jobs and a renewed economic energy to the city's then-beleaguered economy the HKSAR negotiation team agreed to support a bid for Disneyland by committing HK $ 22.45 billion (US $2.9 billion) in taxpayer money, and

42 Ibid., 2.
free land usage to the project, and to build a network of access links directly connecting the Disney theme park, the Chep Lap Kok airport and the city centre, in exchange for a 57% share of the theme park. Disney, however, drove a hard bargain, paying only HK $2.24 billion (US $314 million) and offering the city a 43% share. The park is owned and managed by Hong Kong International Theme Park Limited (HKITP), a company jointly owned by the HKSAR government and the Walt Disney Company. In addition, Disney is entitled to collect a 5% royalty fee for management and operation. Defending this deal, Chief Secretary for Administration Anson Chan Fang On-sang claimed:

You cannot put a price on the message that the Walt Disney Company sends to the world in choosing Hong Kong for its third international theme park destination. We have forged a partnership between two of the world's best-known brand names – Hong Kong and Disney.

Other government officials also attempted to convince the public of the merits of the deal. Chief Executive Tung declared: “Disney’s choice of Hong Kong...is a vote of confidence in our city and in our future. [It will] enhance our international image as a ‘world city’ where things do happen.” Financial Secretary, Donald Tsang Yan-Kuen, also expressed a positive view: “Our hotels will benefit. Our tourist industry will benefit. Our airline will benefit. The return is quite remarkable.” By signing this ‘unequal treaty’ in 1999, Hong Kong succumbed to yet another empire, believing the magic world of Disney could cure Hong Kong’s ill economy. It is ironic that the territory had only bid farewell to its former colonial master two years beforehand.

In spite of the government’s post-crisis euphoria, Hong Kong Disneyland, a financially monumental feat, is not a risk-free business. In search of Disney’s third international destination, Disney had negotiated with Hong Kong and Shanghai at the same time. Like other media and entertainment conglomerates, Disney had been banking

---

43 Hong Kong Disneyland Resort consists of a Disneyland theme park, two hotels (Disney Hotel and Disney Hollywood Hotel), and retail, dining, and entertainment facilities stretching over 280 hectare reclaimed site in Penny Bay of Lantau Island.


45 Ibid., 54.

46 Ibid., 54.
on China as a key market to expand its entertainment empire. Shanghai, the neo-liberal aspiring global city represented a strong threat to Hong Kong in Disney’s new project. From Beijing’s perspective, Shanghai is located on the Chinese mainland proper, and the central government preferred a landmark deal to be in a ‘Dragon Head’ city. Indeed, although Hong Kong finally won the deal with Disney in 1999, Hong Kong Disney still faces the possibility of a Shanghai theme park (or in one another Chinese city) in the near future. From 1999 to the present Disney has continuously been in discussions with Shanghai as a possible site. On various occasions Disney was openly declared that they do not rule out a Shanghai Disneyland. In 2004, a year before the official opening of the Hong Kong Disneyland, Jay Rasulo, President of Walt Disney Parks and Resorts, told Hong Kong’s reporters that Hong Kong Disneyland is mostly a dress rehearsal for a Shanghai theme park.

We’ve said for a long time that China is a good market for the Walt Disney Company. At some point in the future we can imagine a second Disney vacation destination in China...[I] wouldn’t be a bit surprised if somewhere down the road, we don’t see another Disney destination in China.47

From time to time, information of this kind evokes concerns that a Shanghai park may take the shine off Hong Kong Disneyland, because the long-term success of Hong Kong Disney likely depends on the number of mainland visitors, especially those living in the Pearl River Delta and Yangzi River Delta, which enjoy the highest income among mainland cities. Hong Kong’s government anticipated that increasingly affluent visitors from the mainland will also visit Hong Kong’s other tourist facilities and bring in both tangible and intangible benefits to the city.

Since Hong Kong Disneyland officially opened in September 2005, the park has been poorly received by the public. Three cases of food poisoning during the park rehearsal resulted in inspectors from the heath department coming to examine the cases. Disney considered the inspectors as ‘unwanted elements’ whose existence might further tarnish the park’s image, plus the Disney philosophy has always been to view the parks as

semi-autonomous zones under their exclusive control. Thus, Disney arrogantly required that the health inspectors remove their caps and epaulettes. The park’s English employees also chastised visitors when they did not understand their English instructions. Mismanagement of the visiting crowd during the Chinese New Year holiday resulted in visitors being turned away at the front gate after the park quickly filled up. Angry visitors screamed at the gate while others tried to cross the security fences. In the first year, the park drew 5.2 million guests, 400,000 customers short of its best-case scenario. And in its second year, the park fell further below expectations with lower attendance and guest spending. Even more disappointing for the park, the popularity of Hong Kong Disneyland was rated behind the government-owned ‘Ocean Park’ on Hong Kong Island. Thus, the public was brought down from the euphoria created by the magic kingdom. As Lin Pei-li has saliently pointed out: “For Disney’s fans, it is a tragedy when Disneyland comes to locate in their city. It is a beginning of a loss of their innocence.”

Considering the Hong Kong government’s obsession with economic pragmatism, the HKSAR and Disney relationship seemed to carry little risk. The government understood that this project hinged on Disney’s ‘image’ in order to succeed in inter-urban competition and Disney has proven itself to be one of the most reliable global brands. What the government did not understand was that the ‘image’ is based on imagination, and when capitalization transforms images into spectacle, it often deceives. In that sense there are multiple Disneylands, one in the company’s self-contained magic promotional world and others in reality. In reality, Disneyland has no interest in saving Hong Kong’s economy, nor does it care to make Hong Kong Asia’s world city, the company is interested only in profit. And, so far, Disneyland’s Hong Kong customers have not felt that there is quite enough magic in the Disney spectacle.

The Paradoxes of the ‘Other’ Spectacle: Hong Kong’s Public Housing

In contrast to the city’s representational corporate spectacles, such as the airport, buildings designed by elite architects and a spectacular world class theme park, the huge public residential estates that are spread densely around the city exhibit a different kind of politics. Abbas has rightly observed:

...residential buildings in Hong Kong are not distinguished in any way. We find the same standardized forms replicating themselves...[They] are like so many vertical walled villages. The result is that the present-day form of the urban vernacular presents us with a visual anonymity that spreads to most parts of the city and deprives it of architectural character. Yet, for a number of reasons, the Anonymous may be the most articulate and significant of all.

Indeed, while Hong Kong’s dazzling urban skyline has been viewed as a hallmark of capitalist entrepreneurialism, the city is also characterized by ubiquitous monotonous residential structures that appear as ‘anonymous’ spaces of representation, which offer no visual excitement. The political economy of the production of public housing is fundamentally different from that of projects such as the Hong Kong Bank and the Bank of China. Public housing projects are not financially connected to the flows of global capital, nor are they linked to the abstract power of the elite architectural firms. These public housing estates are without a distinctive aesthetic form and are characterized by a cluster of uniformly standardized high-rises erected on small pockets of land arranged in linear patterns. Since the chief function of public housing is to efficiently provide low rent flats and to subsidize the ownership of housing for middle- and low-income residents, their visual identity has been viewed as insignificant.

Earlier chapters have shown how this kind of spatial and social polarization in Hong Kong is not a new phenomenon. It has long been a common feature in the city’s landscape and a profound consequence of the government’s long term land and housing
policy. Although the Hong Kong government often claimed a non-interventionist approach to the economy, the state itself, as a matter of fact, has long played a very interventionist role in Hong Kong’s land and property market. The Hong Kong government’s massive involvement in public housing programmes has made the government itself a powerful entrepreneur in the real estate industry. This, ironically, makes the omnipresent discourse of *laissez-faire* a pompous artifice.

Public land ownership was introduced to Hong Kong by Britain in order to avoid complicated property laws.\(^51\) Thus, land is not freely held although it can be ‘privately’ owned. In other words, all the land was initially owned by the Crown and leased to private owners, except for the site of St. John Cathedral. The colonial government could dispose land leases to private individuals through public auction, public tender, or private treaty grant. In most cases, land leases could be sold to the highest bidder by public auction. Those lands subject to public tender and private treaty have been:

- mainly lands where the user is strictly defined and the sale is unlikely to attract general interest, or where the Government wishes to examine in advance detailed proposals for the development of a particular lot. Land for common purposes such as public housing, Home Ownership Schemes, public facilities, schools, churches, clinics, welfare and certain charitable purposes is usually granted by private treaty grant.\(^52\)

This system of colonial land holding and leasing remained largely unchanged after 1997 except the land rights holder became the Chinese state rather than the Crown. In an ideal situation this kind of public ownership would make land and property speculation difficult, because the state can always release more land to influence property values. Unfortunately, this has not been the case in Hong Kong. The Hong Kong government has typically conducted the sale of land leases through a market mechanism by limiting the supply of land. With the state disposing land to the commercial market, and real estate speculation exercised by the private developers, Hong


Kong’s property values have become some of the highest in the world. It is in the government’s interest to keep real estate prices high because climbing land-conversion premiums make up more than 30% of the government revenue. By manipulating the supply of land in the private sector, and by taking rents from it, the Hong Kong government is partially responsible for the soaring property values, making home ownership unaffordable to the middle and working classes and further reinforcing social inequality. Hong Kong has one of the world’s most feverish property markets, with developers jockeying to claim record prices. The most recent was an average price of $5,434 (HK) per square meter in the urban cores of Hong Kong Island and Kowloon. In 2005, owners in the private and public sectors combined amount only 58% in permanent housing units.

In this atmosphere of rampant speculation, Hong Kong’s property market has long been an oligopoly controlled by large developers such as Hong Kong Land, Cheung Kong Holdings, Continental Realty, New World Development, Henderson Land, Sun Hung Kai Properties and Sino Land. They are all powerful conglomerates that generate their wealth based on speculation in real estate. They do this by keeping land plots in their land banks and waiting for the right time to heighten the value. They all invest their profit in other industries and continue to expand their influence. The capital required to enter the real estate market is so high that almost no small player can possibly afford to obtain a plot of land in Hong Kong. By all account, these developers are the only group that benefit from the city’s land tenure system, while the rest of the population is either forced to pay skyrocketing property costs or to settle in low-cost, low-space, public housing located in the city’s periphery. This close political and economic affiliation between the state and the land moguls continues to determine Hong Kong’s spatial inequality.


54 Hong Kong Housing Authority, *Hong Kong Housing Authority (2006) Annual Report*. Hong Kong: Hong Kong Housing Authority, 2006. Hong Kong’s income distribution is remarkably skewed. The figure of 58% of the home ownership rate results in a large number of lower income owners, who live in obsolete housing in the private sector. They face great difficulties in reselling their flats and chance of redevelopment of the housing blocks is dim, due to the multi-ownership of the private housing. Adrienne La Grange, “Sustainable Development and Housing.” *Sustainable Development in Hong Kong*. Ed. Terri Mottershead. Hong Kong: Hong Kong UP, 2004, 338.
As the biggest landlord, the Hong Kong government has been very active in conducting large-scale real estate construction and management in the city. The Hong Kong Housing Authority, a semi-governmental statutory body, provided subsidized public housing both for rent and for sale to 49% of the population in 2007. The public housing flats accounted for nearly 45% of the total stock of permanent housing in Hong Kong. In general the Housing Authority offers rents set at about 25 to 40% of market value in the private sector. They also offer relatively small-scale build-for-sale schemes, the so-called Home Ownership Scheme (HOS), providing a discount on the estimated market price, along with low interest loans, to assist tenants in purchasing flats. The rates are so competitive that applicants for public housing usually have to wait at least 5 years to be able to move into the public rental flats. Given the escalating prices in the private housing sector, public housing is the only alternative choice for middle and lower-class people. As Lau Chi Kuen has pointed out, “[a]lthough the government provides heavily subsidized housing, at no time has this provision been enough. So serious has been Hong Kong’s housing problem that almost every resident has been driven to work like a bee in order to realize his housing dream.” Many Hong Kongers have been caught in the ‘sandwich class,’ which means that they are too ‘rich’ to qualify for public housing, but too ‘poor’ to purchase a home in the private sector.

Hong Kong’s public housing can be traced back to a squatter fire in Shek Kip Mei in 1953, which made more than 50,000 squatters homeless. The Hong Kong government

---

55 Hong Kong Housing Authority, *Hong Kong Housing Authority (2007) Annual Report*. Hong Kong: Hong Kong Housing Authority, 2007. Public housing housed about 30.7% of the population in its rental flats and 18.3% in subsidized sale flats.

56 The HOS offered discount ranging from 20% to 50% of market price. These discounts are ‘deferred’ payments; they are payable when the HOS owners resell, sublet, or remortgage their flats.

57 The criteria for obtaining house mortgage set up by Hong Kong’s banks are not based on the market prices assuming availability of finance, but on household wealth. Hence, new home ownership is generally restricted to high wealth households. Adrienne La Grange, “Sustainable Development and Housing”. *Sustainable Development in Hong Kong*. Ed. Terri Mottershead. Hong Kong: Hong Kong UP, 2004, 338.

was forced to provide large-scale public housing to the victims.\textsuperscript{59} Since then, public housing has evolved into a large program. The main thrust of this emergency relief was not to deliver a social welfare program that every Hong Konger is entitled to, but to quickly restore social order and stability. The program was mounted to prevent the possibility of social restlessness and poverty causing economic damage. Squatters, in particular, were perceived as a threat to public health and as a fire risk. As Adrienne La Grange points out, the government came to adopt the view that: "an adequately housed population is good for economic growth and political stability, and the two are clearly seen as related."\textsuperscript{60} In addition, as indicated in the Land Development Policy Committee Papers in 1952, the resettlement of squatters was necessary because they had occupied land required for development. The merchant-dominated committee expressed their view: "Squatters squatted on their present sites for economic reasons so that they could be near money. We have until quite recently been trying to move squatters without moving money."\textsuperscript{61} In a city where the supply of land is extremely limited, small parcels of land must accrue maximal profit. Along these lines, shantytowns of squatters appeared to be the least efficient use of urban land occupied by the urban poor. Eyesores had to be removed for economic reasons. Thus, from the 1950s to the early 1970s, government intervention in housing mainly has focused on resettlement programs and squatter clearance, as well as the provision of basic dwelling units with shared facilities. Still, any connection between these initiatives and a welfare program was incidental. Squatters were evicted without compensation and re-housed at the government's pleasure and not as a right.\textsuperscript{62} In 1972, the Housing Authority was formally established to embark on a more strategic economic approach to housing. Donald Liao, the former Chairman of the Housing Authority stated,

\begin{itemize}
  \item The Communist China's victory in 1949 and the turmoil of the Cultural Revolution sparked a huge inflow of refugees into Hong Kong to stay permanently. Under this circumstance, housing became the most burning issue for those newly arrival immigrants. Most of them found themselves settled in squatters. It is also worth to note that before the iconic Shek Kip Mei Fire in 1953, small-scale of the resettlement program had existed and squatter fires were common during the 1950s. Alan Smart, \textit{The Shek Kip Mei Myth Squatters, Fires and Colonial Rule in Hong Kong, 1950-1963}. Hong Kong: Hong Kong University Press, 2006.
\end{itemize}
[... ] the economic growth of the 1960s had enabled citizens to basically solve the problems of foods and clothing. But the problem of shelter was still outstanding. Hong Kong did not have sufficient land to build on, and the cost of gaining land by levelling or reclamation was high. Naturally, land and property prices were high and unaffordable for the average citizen. If the government could actively participate in providing low-cost housing for needy citizens, society would not only gain stability: the construction of housing estates would increase employment opportunities and stimulate consumption, and so bring further economic growth. 63

The Housing Authority soon adopted a balanced budget policy. It obtained financial support from the government in the form of loans and land grants. It increased rents according to tenants' income and embarked on a privatization programme of its housing stock through Home Ownership Schemes (HOS) launched in 1976. In 1988 the government granted 16.4 billion to the Housing Authority as interest bearing permanent capital to transform the Housing Authority into a financially independent entity. 64 Being a self-financed institution meant that the Housing Authority had to launch more sale schemes and to promote ownership in order to subsidize its public rental program. In addition to the HOS, the government also invited the private sector to develop public housing sites in an initiative called the Private Sector Participation Schemes (PSPS). The PSPS was developed, operated, and managed by the private sector, and prices were set higher than the HOS so both the developers and the Housing Authority could benefit. The privatization of public housing had a profound change in the role of the Housing Authority. It was a departure from its conventional practice of acting as a 'quasi-welfare' organization, which focused on providing housing for those with the lowest incomes. Instead the Housing Authority became a real estate developer who catered to the 'market' of the lower-middle-class.

After the handover of Hong Kong in 1997, the HKSAR government adopted more drastic measures to commodify public housing. The Housing Authority became a semi-autonomous government agency that reported directly to the Chief Executive and adopted

63 Cited in M. Y. Leung, From Shelter to Home: 45 Years of Public Housing Development in Hong Kong. Hong Kong: Hong Kong Housing Authority, 1999, 142-3.

64 Yueng Yue-man, Fifty Years of Public Housing in Hong Kong. Hong Kong: The Chinese UP, 2005, 158-9.
an entrepreneurial approach to management, meant to enhance the commodification of public housing. A corporate plan was introduced to review progress and set up future targets. At the same time, the Housing Development (the operative unit of the Housing Authority) installed private-sector-style management to restructure "the department into business units (building, home ownership, and commercial properties), each with its own business manager...to lead to a focus upon costs, economy, and performance."65

Since 1987, the Housing Authority has also partially outsourced the management and maintenance to various private sector providers. In 1999 the scale of outsourcing was extended to include all public housing home ownership and rental stocks to reduce cost and downsize the civil service. Thus, new competitions between management and service among different public housing estates are now driven by private service providers. More importantly, to implement the commodification of housing management, the housing authority launched a campaign emphasizing the rhetoric of 'consumer choice' and 'tenant participation' in the sphere of public housing. Bestowing the identity of 'active consumer' on public housing tenants is a strategy to rationalize the marketization of the public sector. The result is a public sector eager to discontinue its conventional role as housing provider in order to become a quasi-private real estate market provider.

In addition, to push the Housing Authority fully into gear as a market mechanism, as well as to raise government revenue from land leases, the HKSAR government required the Housing Authority to return the demolition sites of obsolete rental estates located in the urban core areas. If the Housing Authority is interested in redeveloping the sites, it will have to compete by bidding against private developers: "It has been a private sector view that well located inner-city sites are 'wasted' on public housing and should be leased to the highest bidder instead."66 The dilapidated public tenement housing estates in the inner city areas, such as Hong Kong Island and Kowloon, are most likely to be torn down and transferred to the private sector.

Fervent commodification in the public sector does not mean that the HKSAR government intends to compete for a share in the real estate market with the private sector. In fact, during the economic downturn, the government justified its land and housing policy as safeguarding the interests of the private sector. When Tung Chee-Hwa took the position of Chief Executive in 1997 he was committed to providing more public housing and to raising the rate of home ownership. His housing policy’s target was to build 85,000 housing flats (50,000 flats in the public sector and 35,000 flats in the private sector) every year and to achieve a 70% home ownership rate by 2007. Initially, this new policy demonstrated that the HKSAR was committed to solve the problem of high demand for public housing. But this new policy objective was quickly abandoned after Hong Kong was hit by the Asian Financial Crisis at the end of the 1990s. The crisis hit hard, particularly in Hong Kong’s private real estate sector. Compared to the 1996-1997 peak, property values fell by about 60% by 2001. Economic difficulties pushed the HKSAR government to justify the land and housing policy according to pressure from the private sector. Falling property values had certainly hurt the wealth of the property tycoons and private home owners, who now suffered from negative equity. The major developers proposed that the government suspend the allocation of land and the sale schemes of public housing in order to boost the declining property market. The government replied in an official announcement on June 15, 2000 by refusing to interfere in the market. But, the next day, the Housing Authority announced the release of 16,000 flats for rent. In addition, a new 12,000 low interest loan quota was also introduced to assist home buyers in the private sector. As a result, property shares in the stock market jumped. Subsequently, the Home Ownership Schemes were suspended from June 2000 to December 2000 and from September 2001 to June 2002. Moreover, a freeze on the HOS-

---

67 Of course, Tung’s administration did not achieve this goal when he stepped down from the Chief Executive office in 2005.

68 In July 2000, Tung casually admitted that the policy of building 85,000 flats each year had already shelved in October 1998, almost two years before announcing to the public.

69 As part of the Housing Authority’s privatization process, a new program of the Tenant Purchase Schemes provided 27,000 public flats for sale in a discount price lower than the Home Ownership Schemes flats in 1998. The private developers and some liberal critics had later criticized that this program indirectly attracted home buyers away from the private sector and further triggered the crash of the real estate market. Lok Sang Ho, “Policy Blunder of the Century Threatens Hong Kong’s Economic Future.” The First Tung Chee-Hwa Administration: the First Five Years of the Hong Kong Special Administrative Region. Ed. Lau Siu-Kai. Hong Kong: the Chinese University Press, 2002, 175-200.

292
designated land allocation system was announced in 2001, and in 2003 the Housing Authority officially terminated the Home Ownership Schemes program. All these efforts had aimed to redirect real estate purchasing capital into the private sector in order to help recover the losses of the private developers and home owners.

Hong Kong's housing system has also always been dominated by geography. Hong Kong is a densely populated city. Its population has squeezed into about 14% of the whole territory. While the density of the urban cores of Hong Kong Island and the Kowloon Peninsula reaches 50,000 per sq km, the New Territories and Islands are largely undeveloped.  The wealthy areas are those that were traditionally occupied by British colonists around the Peak, Mid-level, and the south of Hong Kong Island, where the most expensive houses, luxury apartments and elite schools are located. There are also affluent middle-class neighbourhoods located on Hong Kong Island and Kowloon, that are conventionally defined as metropolitan areas, and where infrastructure, transportation network, commercial centre, entertainment and leisure facilities are largely concentrated. Because of escalating land values, the government has increasingly chosen to lease land rather than use for public housing. Thus, the location of public housing has been interestingly pushed to the suburbs and relatively rural areas, where transportation and civil infrastructure are scarcely provided.

Indeed, the key principle of the land-use hierarchy in Hong Kong, has almost always been to give priority to commercial usage over residential usage, and private sector usage over public sector usage. In the mid 1980s the Blue Print of 'Minimalist Town Planning' promoted a policy designed to convert the mixed commercial and residential lands into totally commercial uses. The Metro Plan addressed an urban

---

70 The New Territories was strategically undeveloped to create a buffer zone between the urban core and Communist China. This long-standing colonial policy remains unchanged even after the handover. Lantau Island, although larger than Hong Kong Island, is also largely rural. It was not until recent decades that Lantau Island was designated to house the city's major transportation and entertainment projects such as the Chek Lap Kok airport and Hong Kong Disneyland. New towns have been built to serve the new communities. Ray Forrest, Adrienne La Grange and Ngai-ming Yip, "Hong Kong as a Global City? Social Distance and Spatial Differentiation." Urban Studies 41.1 (January 2004) 214.

71 Tsung-Yi Michelle Huang, Walking Between Slums and Skyscrapers: Illusions of Open Space in Hong Kong, Tokyo, and Shanghai. Hong Kong: Hong Kong UP, 2004, 27.
development strategy to transform the Metro Area into a commercial district by clearing up housing blocks and making more room for commercial usages:

[The] Metro Area would not have net growth in population or housing units notwithstanding massive reclamation and hill terracing. The objects are to thin out population and allow for expansion of the office and hotel sectors... The Metro Area would remains as the major employment centre especially for office work.72

While the land in the inner city areas is most likely leased to the highest bidder from the private sector, public housing has increasingly been “relegated to the cheapest available land with the highest density of development.”73 The common practice in building public housing units is to move them to the ‘new towns.’

Since the 1950s, the first generation ‘new town,’ Kwan Tong, was built for squatter resettlement. Hong Kong witnessed the creation of Tuen Mun, Sha Tin, Tai Po, and Yuen Long during the 1960s and 1970s, and Tin Shui Wai, Tseung Kwan O, and Tung Chung in the 1980s and 1990s. These new towns are either located on the fringes of the main urban areas or in the undeveloped New Territories and Lantau Island.74 Public Housing is used as a tool of development in the frontier areas, where a full range of facilities, community amenities, transportation and available jobs were deficient. It was generally inexpensive for the government to create public housing in the new towns because the working class residents put minimal demands on public facilities. After the new towns matured, private developers stepped in to commodify residential and commercial property. In this sense, low cost public housing projects were designated to pave the way for the penetration of the capitalist interests into Hong Kong’s periphery.

The development of the new towns has had a tremendous impact on the distribution of population in Hong Kong and on its spatial segregation. In 1971, 81.1% of the population lived in the main urban areas. After 30 years of massive town planning

74 Among these new towns, only Tung Chung is located in Lantau Island, while others are all in New Territories.
and decentralized public housing policies, it was estimated in 2006 that 52.1% of the population had settled in the New Territories. However, because the development of Hong Kong's new towns has been led by public housing, the populations of these towns are largely comprised of the working and lower-middle-classes. Except for Sha Tin, median household income in the new towns was below HK$17,250 in 2006. This has created a great degree of spatial polarization between the financially vibrant Hong Kong Island (where the median household income is HK$23,000) and the new towns.

While hyper-density living has become a norm in Hong Kong, the density of public housing is actually worse than that in the private sector. As land available for public housing is highly restrained, high-rise blocks are the most productive physical structure to accommodate as many tenants as possible. The first public housing estates, built in the 1960s comprised 8-12 stories. By the late 1980s, public housing structures ranged from 25-30 stories tall, and the most recent public housing estates consist of over 40 stories, with about 20 blocks clustered together, easily housing more than 10,000 people. In the less developed New Territories, an average size of a public housing flat is about 35 to 45 square meters for a household of 4 persons. The occupancy ratio has significantly improved from 4.25 square meters per person in the 1980s to 12.2 square meters in 2007; however, it is still behind the international standard. The spatial layout of the public estates is highly compressed. It follows the standard modular approach in block grouping, height, floor plan, and room division. Natural daylight and ventilation may not be designed to reach every room. Known for low cost, the quality control of public housing has also been a burning issue. In 1999, a site of HOS flats in Sha Tin were built on short piles that rendered them dangerous to live in. Thus, the Housing Department had to demolish the nearly finished 31-storey building at a cost of HK$ 258 million. Corruption charges were executed against three government officials and five employees of the contracted construction companies.

76 Ibid., Date accessed: January 19, 2008.
The stark contrast between the city’s mobilization of spectacle and the quotidian jam-packed public housing is the incarnation of class-based spatial inequality and social segregation between the new towns and the urban core areas. Hong Kong’s public housing programs have controlled slum development to a rare extent, however, the state’s neo-liberal land and housing policy is the most dominant force shaping the dual city vista. Owing to the tenure land system, it is against the government’s will to break its longstanding high-priced real estate policy, from which the state collects its major source of revenue. By strategically limiting the available land to the market, the state has efficiently boosted land value and enriched the real estate sector, an important pillar of Hong Kong’s economy. The recent commodification of public housing is not only associated with the government’s well-known addiction to economic viability, but also its limited welfare policy. While the Housing Authority emphasizes the sale and rental of flats that target the lower middle-class, and the relatively high income working class, the lowest income groups in the population are very likely to be excluded from the public housing program. According to the 2006 population By-census, 9.2% of Hong Kong households earned below HK$3,999 per month. This means that about 204,842 households are unlikely even to afford rent in the public housing sector, if they do not receive other forms of social security subsidies. Like Shanghai, Hong Kong’s leap into the ranks of the world’s global cities has come about through a displacement of the urban underclasses from the urban core to the city’s periphery.

Chapter 6.

Conclusion:
On Political Economy, Historical Specificity, and the Reification of Urban Spectacle

In this dissertation, I have attempted to explore and analyze the growth and development of Shanghai and Hong Kong from their origins to the present day. More specifically, I have tried to better understand the ways in which both cities have developed from their early incarnations as colonial or semi-colonial ‘treaty ports’ to so-called ‘global cities’ in the 21st Century. I have not attempted to write a finely detailed history of the cities; rather, my focus has been on a series of broad political-economic shifts and changes that have provided a background for understanding the decisions made by political and economic elites about how the city should be organized politically and about how urban space should be used and represented.

In writing this history, I was guided by a series of debates and issues that have arisen in recent years in a range of literatures in the areas of international political economy, globalization, post-colonialism, communications, urban geography, and China studies. In particular, my analysis grew out of dissatisfaction with the literature on the emergence of ‘global cities’ in the late 20th and early 21st Centuries. Much of the global/world city literature tends to adopt an excessively functionalist and depoliticized view to examine the flows of capital accumulation, circulation and exchange in the world’s most prominent cities. In addition, there is a strong tendency in this literature to homogenize cities uncritically into a hierarchically-ranked system based on their ‘performative acts’ in global capitalism. In contrast to this, I have tried to develop a more
historically specific and critical perspective that is sensitive to the distinctive experiences of colonization in both Shanghai and Hong Kong. At the same time, a number of abstract critical concepts and arguments have guided my historical research and analysis. At the most general level, I accept the argument that human-built environments are shaped by class, power and ideology. For that reason, I pay considerable attention to the changing landscape in Shanghai and Hong Kong, and particularly to the ways that early forms of spatial organization and architectural aesthetics dramatized the colonial experience, often in a spectacular way. In later chapters, this focus on landscape draws heavily on David Harvey’s conception of the “mobilization of spectacle” and Guy Debord’s critique of the “society of the spectacle.”

One of the tasks that I set myself early in the study was to consider how best to balance local considerations against analytical concepts and ideas that have been so closely associated with the history of the West. Edgar Snow wrote in 1941: “The ‘problem’ in the Orient is indissolubly connected with the ‘problem’ in the Occident and it is useless to try to seek a solution of one without the other.” Snow made this point in reference to US involvement in the Pacific War, which was an attempt to seek a concluding chapter for Western imperialist expansion in Asia. However, the ashes of the war did not bury the ‘problem’ entangled between Orient and Occident. The postwar US-Anglo-led neo-liberal globalization continued to be a dominant force among Asian developmental states. In this connection, it struck me that any discussion of ‘globalization’ in China necessarily requires an approach that maintains a dialectical view of ongoing relations between East and West. Western Colonialism was the earliest incarnation of ‘globalization’ in China and globalization today continues to reconfigure postcolonial subjectivities. To unravel Shanghai and Hong Kong’s post-colonial complexes, I wanted to release the colonial ghosts of the past. I historicized both cities’ colonial history in order to examine how political power, ideology, and economic forces have intermixed at different times and have particularly influenced the built environment. Notably, my analysis emphasized how the much-celebrated ‘cosmopolitanism’ and

hybridity of old Shanghai and Hong Kong only developed in a fragmented landscape that was divided by racial and economic privilege.

Cosmopolitanism was a commonly accepted aspect of the identities of semi-colonial Shanghai and colonial Hong Kong, due to the cities' mix of Eastern and Western cultures, rapid modernization, booming economies, and comparative (to the rest of China) openness. Modernity served as a constructive part of colonialism; cosmopolitanism was linked intrinsically to both. To be 'modern' in Shanghai and Hong Kong in the early 20th Century meant embracing the West. In this sense, a cosmopolitan identity – seen as a desirable and necessary feature of modernization – created ambivalent colonial subjectivities. Leo Ou-fan Lee, the most vocal defender of Shanghai and Hong Kong’s cosmopolitan identity, defines this as “an abiding curiosity in ‘looking out.’” In this sense, [it is a] cultural mediator at the intersection between China and the other part of the world.” However, my research has convinced me that this definition is elusive and is reductively based on a neo-liberal Eurocentric notion of modernity. The process of ‘looking out,’ in both Shanghai and Hong Kong has always been manipulated by the ability of colonial power to define the ‘imaginative geography’ of these cities.

It is far more useful, in my view, to adopt a more critical perspective on colonial and post-colonial cosmopolitanism. However interesting and vibrant colonial Shanghai and Hong Kong may have been, the cosmopolitanism of both cities was shaped by ethnic prejudice and economic inequality. If we simply consider Shanghai and Hong Kong’s ‘cosmopolitan milieu’ from the perspective of neo-liberal Eurocentric modernity, we run the risk of ignoring the play of power in each city’s colonial history.

A similar caveat is necessary even in the global cities of the present day. Under Deng’s regime, Shanghai sought to move from a stagnant Maoist producer city, that was responsible for more than 80% of national revenues, to a global city with a key presence in major circuits of international production and exchanges – ‘Marching toward the World.’ This globalization project has been carried out as a state project, adopting neo-

---

liberal strategies, such as hosting ephemeral global events, constructing urban spectacles, inventing new entrepreneurial discourses, and conducting market-oriented urban land reform. Interestingly, though, these efforts pay tribute to the dominant neo-liberal global/world city hierarchy. As Mary Ann O'Donnell notes: "The world capitalist systems that the Deng leadership aspired to break into functioned as an integrated set of hierarchically ranked nation-states that were spatially articulated through a system of correspondingly world cities."3 Shanghai has dramatically increased its visibility on the global stage, but both the pace of growth in the city and its investment in spectacular projects of urban renewal have not come without cost. Deng's vision of a post-colonial, post-Maoist China, 'Marching toward the World' provided important new and 'open' environments for Western capital seeking to migrate around the world in search of greater 'flexibility.' The result was an explosion of investment and new employment opportunities in the factories and sweatshops that sprung up in China's special zones. As Shanghai eventually 'opened up' as well, its underclass slum population grew along with the economy.

This is one reason why models of urban development based on the Western experience with post-Fordism, or post-modernism, cannot simply be applied to the situation in Asian cities. In China, post-1970s economic and social development has benefitted from the very flight of capital and manufacturing jobs that led North American cities such as Seattle, Chicago, Montreal and Boston to pursue largely 'post-fordist' solutions to a shrinking industrial base. In an economic and political world geared increasingly to 'flexible accumulation,' cities in the developed Northern nations have competed to expand their "cultural economies." That has often meant attempts to lure high technology companies and to attract new urban professionals in the marketing, design, advertising and media industries. It has also typically meant the remaking of downtowns as clean, safe, and exciting spaces that will appeal to affluent professionals and to international tourists and convention goers. All of this has underwritten a

substantial degree of gentrification, a relentless quest for ‘world class events’ and a widespread mobilization of spectacle.

This dissertation has pointed to similar tendencies in the cases of Shanghai and Hong Kong – cities that also want to compete for “world class events” and make a claim to global city status. But, China is not North America or Europe. In both Shanghai and Hong Kong, the political economic conditions are significantly different from those experienced by global cities in the North. Most notably, where employment in the manufacturing sector has shrunk in Northern nations, due to such things as roboticization of production and the flight of capital abroad, China’s industrial sector has grown to an extraordinary extent and in a remarkably short period of time. So, in China, one tends to find an extremely complex, and often contradictory set of economic and political conditions. China’s economy is a complex mélange of pre-Fordist, burgeoning Fordist, and post-Fordist tendencies. Quasi-feudal sweatshops in the Pearl River Delta virtually stand in the shadows of Hong Kong’s seemingly post-modern mobilization of spectacle. And, in both Shanghai and Hong Kong, the growth of spectacular mega-projects in the quest for foreign direct investment, and ‘global cities’ status, has involved aggressive campaigns, underwritten by non-democratic state structures, to relocate the urban underclasses from the downtown core to the city’s periphery. There are certainly parallels here with the patterns of development of major cities in the West, especially in respect to the gentrification of the core and the migration of underclass populations to amorphous suburban sprawl, or ‘edge cities’ on the periphery. But, in few places in the West has this process been undertaken with the efficiency, speed, and ruthlessness evident in post-Maoist China.

In Chapters Four, I gave some dramatic examples of this in respect to Shanghai’s self-conscious efforts at ‘modernization’ and renewal. In the pursuit of ‘global events,’ such as the Fortune Global Forum, or the APEC meetings, there has been an aggressive ‘scouring’ of slums and of ‘undesirable’ elements. It is worth noting here, that such initiatives have been especially hard on the migrant workers that Shanghai has used to build its new spectacular landscape. In advance of both the FGF and the APEC meetings, individuals who did not have valid work permits were tracked down and removed from
the city, often under police custody. Even those migrants who had legal working
documents were encouraged to go out of the city during the event. In Shanghai’s frantic
marketization of urban renewal, even longer-term residents have also been forced to
relocate to the distant suburbs, without proper compensation. Lack of any form of
oversight and civil participation and the devolution of land reform administration to the
local government encouraged bureaucratic entrepreneurial practices on land leasing that
exacerbated the situation. Indeed, local state officials and private developers have formed
close partnerships that have led to rampant speculation and to inflated property values.

The point is that Shanghai’s “arrival” as a global city conceals a deep and obvious
class bias. The city’s working class inhabitants, who once defined their legacy as the
nation’s proud work force in a ‘producer city’ under Mao’s regime, are not likely to be
part of the city’s ‘spectacular’ future. They are as excluded from the hedonistic lifestyle
of the new Shanghai as the Chinese workers who used to be excluded from the prime
sites of the older colonial Shanghai. Opportunities for advancement only occur in the
social Darwinian context of the market and, even here, the deck is stacked against the
urban poor. When the greatest fortunes come from real estate speculation the advantages
for self-enrichment all lie with those who have capital and political connections. Yet,
there is a widespread sense of denial about all of this. I was struck, for example, by one
of my conversations with a government officer who tried to convince me how Shanghai
is destined to become a global city, like Saskia Sassen’s model suggests. But, the issues
of class and spatial polarization that Sassen also addresses in her work struck no chord
with him.

I find it especially interesting how the self-conscious pursuit of global city status
has coincided with the resurgence of history in the case of Shanghai. While Maoist
urbanism is one obvious leftover from the past, the legacy of colonialism has been
interpreted quite differently, and more positively. When Shanghai was designated as a
‘dragon head’ in 1992, state rhetoric and elite public discourse centred on the idea of
‘restoring’ Shanghai’s colonial ‘old glories’ from the 1930s. Discourses of this sort,
however, have tended to be highly selective. To be sure, these discourses aim to revive
the Eurocentric notion of the ‘Paris of the Orient.’ But, the apparent inequalities and
‘Vices of Paris,’ which equally belonged to colonial Shanghai, have all been deliberately erased. Also forgotten in official discourses is Shanghai’s revolutionary history and its history of Maoist decolonization.

This romantic understanding of old Shanghai serves as a necessary illusion to carry out the contemporary project of becoming a “global city with Chinese characteristics.” Such rhetoric has also coincided with Shanghai’s urban renewal practices. An example is the way that Xintiandi tried to ‘reinvent’ Shanghai’s vernacular alleyway house structure by transforming it into a new ‘global space’ with trendy restaurants, cafes and clubs. Similarly, a string of old colonial institutions and bank buildings on the Bund have been rejuvenated to match the opulent sophistication of its past, in order to serve affluent tourists, economic elites and contemporary taipans, of all nationalities. This marketing of “heritage,” and its re-incorporation of “historic” spaces, does not reflect Shanghai’s real or complete history. Rather, these practices reflect a commodification of selective traditions and their incorporation into a grand narrative of global capitalism. The market has found it to be profitable to recycle older historical materials in the construction of modern spectacles.

Like Shanghai, Hong Kong’s postcolonial condition also entails uneasy internal and external complexity. The city has gone through a process of ‘decolonization without independence’ in the sense that in 1997 it was directly ‘handed over’ from Britain to China. Due to an absence of democratization during colonial rule, by the eve of the Sino-British Negotiation, Hong Kong did not have a local leadership with organizational linkage to the masses. Without its own autonomy, in many respects, Hong Kong was torn between its original colonizer and its new master. For example, in the case of Chek Lap Kok Airport, Britain mobilized its influence to ensure British interests in the project, while China tried to leverage control over it to legitimate its power over Hong Kong affairs. As I noted in Chapter 5, ultimately, however, a new power configuration centred in China swept through the local economic and political communities. Local business leaders took over British hongs and their seats in the Legislative Council, while the older

British elite declined in power and retreated, taking their wealth away from the city. Nevertheless, China and Britain did have something in common. Their common interest was to maintain Hong Kong’s neo-liberal free market mechanism. This system, which ensured the privileges of taipans, compradors, and co-opted elites in the past, has been retooled to benefit new Chinese tycoons and political elites. At the same time, the working class and urban poor are increasingly pushed to the margins without adequate welfare benefits or minimum wage registration to ensure a reasonable standard of living. The transfer of Hong Kong’s sovereignty to a ‘socialist’ regime has not resulted in a more equitable society.

Chapter 5 demonstrated, how, since 1997, the Hong Kong Special Administration Region (HKSAR) attempted to boost its sagging economy at the turn of the century by aggressively promoting Hong Kong as ‘Asia’s World City.’ To this end, the government launched a number of spectacular projects, such as Disneyland, Cyberport, and West Kowloon Cultural District. Whether Disneyland will prove to be a profitable spectacle for the Hong Kong government, over the long term, remains to be seen. It is clear, however, that other fashionable, yet high-maintenance projects threaten to become economic white elephants. Because real estate hype is the norm in Hong Kong, almost every image-making project seems to cater to the interests of real estate developers, more than to the majority of Hong Kong’s citizens. At the same time, jam-packed, high-rise, public housing, which more than half of the population call home, is the spatial form through which most ordinary inhabitants struggle to live in ‘Asia’s World City.’ Because land that can be used for housing has either been used for profitable commercial purposes in the urban core areas, or has been reserved for such purposes, public housing has been pushed to the peripheral New Towns. In this sense, Hong Kong’s spatial segregation follows a logic of exclusion that developed in the early colonial period. There is a huge gulf between Hong Kong’s glamorous modern skyscrapers in the city center and its hyper-dense public housing blocks in the New Towns.

Since the handover to China in 1997 Hong Kong has largely retained many of its civil liberties, including press freedom and the right to hold public protests. However, Hong Kong residents still cannot directly elect the city’s Chief Executive or all the
members of the Legislative Council. The Chief Executive is chosen by an 800-member committee dominated by people loyal to Beijing. So far, half of the members of the Legco are directly elected and the rest chosen by interest groups. Although some pro-democratic law makers have repeatedly asked for full democracy in 2012, Beijing ruled last year that Hong Kong would have to wait until 2017 for universal suffrage, with a possibility of electing its own leader, and all its legislators, in 2020. Whether or not Hong Kong will be able to transform itself into a more liveable city for the majority of its inhabitants will arguably depend on democratic reform in the future. If the city’s ordinary people and working classes are able to choose their own legislators in the government, a new political power bloc might be able to push for a more democratized city.

On the topic of new power blocs, it is also worth noting that strong support from the central government which Shanghai has enjoyed since the late 1980s no longer exists. Since Hu Jintao succeeded Jiang Zemin as president in 2002, and gained full power in 2004 (assuming control of Central Military Commission), the so-call Shanghai clique has been gradually losing their influence in Beijing’s political scene. Unlike Jiang, who emphasized rapid economic growth and tight social control during the 1990s, Hu has vowed to focus on the problem of glaring social inequality and on the restoration of social justice. In 2006 a pension fund scandal in Shanghai led to the prosecution of several executives of state owned enterprises, private capitalists, and most notably, nine high level officials, including Shanghai’s top leader, party secretary Chen Lianyu. Chen was charged for misappropriation of pension funds by lending $3 billion (RMB) to a number of real estate and construction companies, including Xintiandi’s Shui On Group.

Chen, a senior member of the Shanghai clique, and a political opponent of Hu and premiere Wen Jiabao, had been propped up by Jiang Zemin’s support. Chen was sentenced to 18 years in prison in 2008. However, the real purpose of this purge was to dismiss the Shanghai clique in Beijing. Huang Ju, former Shanghai mayor and a member of the CCP Politburo Standing Committee, was also implicated when his wife and

---

3 Since 2003, Hong Kong residents have marched on the street on July 1st (coincided with anniversary of Hong Kong’s reunification with the mainland), particularly to advocate universal suffrage and to demand that the Hong Kong government improve governance.
younger brother were said to be linked with the illicit use of pension funds and with nepotism. Although Huang was not charged, since the scandal erupted Huang made only one public appearance before his death in 2007. The Shanghai clique has fast become a distant political legend, rather than an actual power bloc.

Bureaucratic corruption is well-known in China. As China has “Marched toward the World,” it has been clear that many government officials have colluded with capitalists, domestic or foreign, signing secret deals, using arms of state enterprises as private businesses, or they have put public funds into fledging projects to enrich themselves, or to boost local economic expansion. Activities of this sort have “encouraged the frenzied growth of fixed asset interest in China, creating overcapacity, real estate bubbles and dangers of serious financial crises.” Shanghai’s inflated real estate prices are a typical example of this, and there is little doubt that the mobilization of spectacle in the city has lined the pockets of local government officials and business elites.

One would think that there could be a ground swell opposition to such things. Many of the people I talked to in my visits to Shanghai and Hong Kong expressed their disgust at both corruption and the polarization of rich and poor in their ‘global cities.’ Yet, these feelings were also mediated by expressions of pride at the pace of modernization and by the sheer grandeur of the accomplishments of these cities. This should not be surprising in cities that continue to have strong memories of their colonial pasts. But, in addition, there is also a powerful sense in which the spectacle itself is insulated from critique. This occurs because the global city – itself a “product” of globalization – represents a dramatic case of ‘reification.’

By reification, I mean the process or moment where human relations are generalized into abstraction, and thereby turned into impersonal ‘things.’ In the case of the capitalist spectacle, this process entails the essence of a totality that unifies the society through immutably economic transformations. In it the abstract commodity relationship

---

becomes naturalized and universally dominant. Global capitalism has intensively transformed many of the world’s spaces into ‘reified phenomena.’ The contemporary spectacle is a key site where the character of the commodity – the abstract, quantitative mode of calculability – widely proclaims its consolidation. The ‘things’ the global city produces, in the highest degree of abstraction, are not necessarily material; they can include more ephemeral events, services and representations. These ‘things’ all help to integrate a series of complex spatially dispersed relations of production and to abstract them. They reflect a capacity to mobilize the geographic dispersal of production – flexible division of labour, mobile capital, and market – and to be the centre of management and control.

In many respects, taking Shanghai and Hong Kong as examples, we might say that the more globalized the economy is, the more reified the city becomes. The global city, which is overwhelmingly predominated by the production of ‘things,’ also turns itself into a ‘thing’ – a spectacle. To attract foreign investment and further become a hub of capital accumulation and a Mecca of leisure and entertainment, Shanghai and Hong Kong have been remade in the imaginary ‘image’ of a global city – a thing in itself to be sold in the global system of exchange. The global city of spectacle, however, is a reified commodity that wants to sever all visual ties to the conditions of its own production. The workers in sweatshops, the urban poor, the migrant labours that build the spectacular edifices – are all meant to be invisible.

Shanghai won the bid to host the World Expo in 2010. As a highly anticipated spectacular event in the city, the Shanghai Municipal Government has committed to spend US$ 3 billion for land acquisition and construction. The whole project has involved massive demolition and relocation. In order to make room for the World Expo spectacle, it is estimated that about 760,000 residents have accepted government compensation packages and have moved to other parts of the city. But, increasingly, the conditions of providing such spectacles are so obviously visible that they are leading to greater social unrest, even in China. Disputes and small-scale protests have become more common scenarios in Shanghai. For instance, Chen Lianyu strongly backed a US$ 4.5 billion expansion of the maglev rail line to Hangzhou, as part of Shanghai’s preparation for the
World Expo. The proposed train route crossed a fast-growing middle-class area in the Minhang District which is already heavily laced with train tracks and highways. This project raised massive public protests, which have been very rare in Shanghai. Residents protested the possibility of electromagnetic radiation dangers, noise, and a potential drop in real estate values. A significant turning point came in May 2007. The Shanghai Municipal Government (SMG) caved in to pressure and suspended the maglev project. It was a small, but remarkable victory for the protesters. It indicated that the voices of China’s new middle-class in the future may be difficult to ignore. Yet, this time, the victory was short lived. In December 2007 SMG resumed the project, as well as a new set of related massive projects. Paradoxically, Shanghai’s World Expo is themed: ‘Better Life, Better City.’

Given the ever-changing political and social conditions in China, the future of ‘Socialism with Chinese Characteristics,’ is uncertain. On this point, David Harvey, who has described China’s reforms as “Neo-liberalism with Chinese Characteristics,” argues:

> Whether this internal transformation of party structure will consolidate the ascendance of the same sort of technocratic elite that led the Mexican PRI towards total neo-liberalization remains to be seen. But it cannot be ruled out either that ‘the masses’ will seek a restoration of their own unique form of class power."

In addition, in a recent article entitled “From Paris to the Paris of the East and Back: Workers as Citizens in Modern Shanghai,” Elizabeth Perry has unearthed a history of Shanghai worker’s protests – the other legacy from Paris. Perry remains optimistic about the emancipatory power of Shanghai’s multitude and notes: “when the next global protest cycle gets underway we may find ourselves looking to the Paris of the East for yet a new chapter in worker-citizen rule.” It is certainly true to say, for example, that the massive industrialization of the Pearl River Delta, fed by investment from Hong Kong, is creating an unprecedented urban and semi-urban industrial proletariat in the region. And a similar

---

8 Ibid., 150-151.
9 Elizabeth Perry, “From Paris to the Paris of the East and Back: Workers as Citizens in Modern Shanghai.” *Comparative Studies in Society and History* 42.2 (April 1999), 373.
process is playing itself out in many other parts of China. As a result, against the centralized power of the CCP, and the reifying power of capitalist spectacle, new social forces are building that may well support Elizabeth Perry's optimism. Ironically, and in direct contrast to its Maoist antecedents, a more progressive form of socialism in China may yet be revived through popular-democratic struggles, even in China's self-proclaimed global cities.
Bibliography


312


Deng Yiren, Jiu Shanghai renkou bianqiandi yaujiu (The Transformation of Old Shanghai Population) Shanghai: Shanghai remin chubanshe, 1980.


Han Sun Sheng, *Controlled Urbanization in China*. Diss. Simon Fraser University, 1994.


Hong Kong Cyberport. Hong Kong: Hong Kong Cyberport, 1999.

Hong Kong Housing Authority, Hong Kong Housing Authority Annual Report (2007). Hong Kong: Hong Kong Housing Authority, 2007.


Leung Ping-Kwan. *Hong Kong Culture.* Hong Kong: Hong Kong Art Center, 1995.


Leung, M. Y. *From Shelter to Home: 45 Years of Public Housing Development in Hong Kong.* Hong Kong: Hong Kong Housing Authority, 1999.


______. *Privatization of Urban Land in Shanghai.* Hong Kong: Hong Kong UP, 1996.


Mottershead, Terri ed. “Sustainable Development and Housing”. Sustainable Development in Hong Kong. Hong Kong: Hong Kong UP, 2004,


Perry, Elizabeth J. “From Paris to the Paris of the East and Back: Workers as Citizens in Modern Shanghai.” Comparative Studies in Society and History 41.2 (April, 1999), 348-373.


Ramo Joshua Cooper Ramo, “The Shanghai Bubble.” *Foreign Policy*, No. 111 (Summer, 1998) 64-75.


Rosenberg, George. An unfinished manuscript on Shanghai's history from the earliest time to the beginning of the 20th Century, 2007.


Stephen, Headley J. “Hong Kong is the Lifeboat: Notes on Political Culture and Socialization.” *Journal of Oriental Studies* 8 (September 1970)


Wang Xiaolun. *Shanghai xianzhi (History of Shanghai County)* Shanghai: Shanghai remin chubanshe, 1993.


White, Barbara-Sue. *Hong Kong: Somewhere between Heaven and Earth*. Hong Kong: Oxford UP, 1996.


Zhu Jiancheng. "Jui Shanghai de fangdichan de xingqi (The Rise of Real Estate Markets in Old Shanghai)" Shanghai wenshi ziliao xunanji 64 (1990)
