

hai. The British chose Shanghai as a strategically located safe harbor. Under the Treaty of Nanking, Shanghai became an international business center and the British were soon joined by other foreigners, namely the French (1847), Americans (1863) and the Japanese (1895). In the "International Settlement," foreigners were allowed to establish their own laws and use their own security forces. By 1853, Shanghai was the busiest Chinese port and had a population of some 50,000. By the turn of the century, its population had grown to one million people.

The establishment of Shanghai as a treaty port led to the creation of foreign concessions. The West Bank of the Huangpu, known to foreigners as the Bund and to the locals as Waitan, soon became a new-development area. Under the "Land Regulations" issued by the Shanghai Magistrate the British settlement extended from Suzhou Creek at the north to the Yang King Pang Creek in the south. The French concession extended from Yang King Pang Creek to the city walls. According to the "Land Regulations," the foreign land lease agreements were required to leave a space of thirty English feet between the buildings and the edge of the river as a towpath, for pulling boats out of the water, and a sidewalk. This stretch of mud, as it was in those days, soon became one of the most striking civic districts in the world, filled with Georgian, Victorian, Gothic and Queen Anne architecture, which survives as a remarkable legacy today.

Until the 1930s, Shanghai enjoyed the coexistence and incorporation of different cultures with the different regional Chinese cultures. The introduction of foreign capital and the rise of national industry and commerce accelerated the development of the city and its economy, making Shanghai a major economic and cultural metropolis in the early part of the twentieth century. After the civil war and the People's Revolution of 1949, Chinese control was reimposed over all of Shanghai. As Rimmington notes, the new regime, while prepared to make use of the city's industrial and commercial know-how as a model of development across the country, rejected all the remnants of colonialism and consumerism. This, combined with a focus on rural development, meant that much of the pre-revolution development in the city came to an end (Rimmington, 1998:25).

Under Chinese control, Shanghai became an industrial powerhouse and the economic engine for all of China. In Mao's time, from 1950 to 1976, Shanghai sent thirteen times more revenue to the central government than the amount it received for the city budget. In fact, as late as 1984 Shanghai still gave more than 85 percent of its budgetary revenue to Beijing (White and Cheng, 1998:36). Figures from 1982 suggest that Shanghai produced eleven times the level of gross domestic product per capita than all of China combined (Meier, 1982).

Shanghai faced three major challenges in the period of open reform in the 1990s. The revenue sent to Beijing had left Shanghai with little money to update urban infrastructure. Shanghai was in desperate need of new road construction, better transportation, improved water supply, housing and an improvement in the environmental quality of the city and rivers. In addition, Shanghai was desperate for new investment, especially in the Pudong area. Because of these problems, Shanghai's position as the economic engine for China suffered and the city's competitive advantage slipped.