GUANGDONG: FROM ECONOMIC PIONEER TO LEADER IN POLITICAL REFORM?

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Spring 2010

A thesis submitted in partial fulfillment of the requirements for a baccalaureate degree in International Politics with honors in International Politics

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ABSTRACT

My thesis is on the economic development of Guangdong and how it could contribute to political liberalization in the province. I will examine the political relationship between the southern Chinese province, Guangdong, and the capital, Beijing. I will research how Guangdong’s geographical distance from Beijing in the north has historically allowed it to be a more politically "independent-minded" province. I plan to research centralized vs. local government control between Beijing and Guangdong at the national, provincial, prefectural and county levels. I plan to examine the pattern of Guangdong’s local political appointments, their political and personal backgrounds, and how closely they implement policies ordered by the central government in Beijing. Guangdong is worth examining because it has historically been a center for revolutionary activities. Guangzhou warrants further study because it is a city of major economic and historical importance to China, despite often being politically overshadowed by Shanghai and Beijing. Guangzhou is the third largest Chinese city and the largest mainland economy in terms of GDP as of 2007. Guangdong province will be compared with Hong Kong due to its geographical proximity and economic cooperation. Guangdong will also be compared with Shanghai in the Yangtze River Delta region because they are both major leading economic regions in China. I argue that Guangdong province deserves greater political attention in the upcoming years, as it has great potential for political openness.
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ACKNOWLEDGEMENTS

I would like to thank my thesis adviser, Dr. Casper, for her unwavering patience, encouragement, and support. I am indebted to Dr. Casper’s direction throughout this project. I would also like to thank my honors adviser, Dr. Berkman, for his guidance, support and encouragement. In addition I would like to thank Dr. Denis Simon for sharing his expertise on China, suggesting literature and helping me go forth with my research interest. I would not have been able to undergo this project without each of their help.
Chapter 1

Introduction and Research Design

The southern province of Guangdong has led mainland China in economic reform ever since the opening up of China’s economy to the world in 1978, but will it also lead the country in political reform? According to modernization theory, Guangdong province’s rapid and sustained economic development could lead to political liberalization (Cheng 2003). This potential is reflected in Guangdong Party Secretary Wang Yang’s proclamation that Guangdong’s development focus is “no longer economic growth, but political development” (Li 2008, 3). Furthermore, Wang stated that the province “should become a new experimental zone for bold political reforms that would be pioneered on behalf of the rest of the country” (Li 2008, 1). Guangdong, through a powerful combination of several factors--its long history of foreign trade, strategic geographic location, large overseas population, and special privileges granted by the central government--has allowed it to reign for decades as the wealthiest province in China.

Deng Xiaoping’s Open Policy is credited for the birth of China’s economic success. His policy opened up China’s economy to the world beginning in 1978. After Mao Zedong’s death in 1976, Deng was elected Communist Party Chairman in 1978. Deng was an orthodox reformist, meaning that he firmly supported the one-party dominance of the Chinese Communist Party (CCP), but was also a pragmatist, who
rejected Mao’s radical ideology and preferred a return to orthodox Party ideology accompanied by progressive economic development. He used the zigzag approach from Lenin’s “two steps forward, one step back” strategy, to implement substantial liberal policies when the political climate was favorable, and then retreat when conservative pressure became too heated, and then wait for the pressure to subside and then reintroduce reform policies. Deng also secured loyal support from the military, which was crucial to enforcing policies, as well as carefully selected young, open-minded technocrats to oversee reforms. Soon after Deng consolidated his control, Maoist provincial cadres were purged and pro-reform cadres were promoted. In the Politburo, Deng also persuaded older cadres to leave and replaced them with his own recruits, mostly those who came from coastal provinces and were familiar with reform policies. Deng also adeptly established common ground with conservatives, by supporting the Party, to help ensure support for his reform policies. In the early 1980s, Guangdong leaders held a substantial majority in the Politburo (Lai 2006). Deng favored appointing leaders with both provincial and central government experience to serve in the Politburo to ensure that “national authority would be respected while provincial enthusiasm in economic liberalization would be duly protected” (Lai 2006, 239).

Much of Guangdong province’s economic success is attributed to the special economic, constitutional and political privileges, known as “special policies, flexible measures,” granted by the central government in Beijing. These privileges include allowing the province flexible interpretations of central policies, creation of Special Economic Zones (SEZs) and greater economic management (Cheung 1997). Whereas the
central government has allowed Guangdong province to experiment in economic management, it has been careful to permit political experimentation at the same rate.

The southern province of Guangdong has traditionally been China’s “gateway to the world” (Yeung 1998). Likewise, Guangdong has been the world’s entryway into the Chinese market, participating in foreign trade since the 8th century (Vogel 1989). However, when the People’s Republic of China was established by the Communists in 1949, China’s markets were closed to world. Since reformer Deng Xiaoping opened up China’s economy in 1978, Guangdong province has consistently been at the forefront of economic reform and open policies (Li 2008, Cheung 2008, Yeung 2008, Li and Yang 2002). Nationally compared to all other provinces, Guangdong had the largest GDP (11.9%), largest exports value (28.3%), and largest retail sales value of consumer goods (11.8%) (HKTDC 2008). As the wealthiest province in China, the central government has significant vested interest in Guangdong. Guangdong has been a pioneer in experimenting with economic reform, and therefore according to the modernization theory, its economic growth could lead to political reform (Cheng 2003). Other areas of China as well as foreign scholars and political leaders look to Guangdong as a “barometer of change” to determine the success of China’s transition from a central planned to a market economy and whether the shift will endure (Yeung 1998, Chu 1998). With China’s rapid rise onto the world stage, it is important to examine whether economic reform in Guangdong will help lead the Beijing on the road towards greater political reform. This potential is reflected in Guangdong Party Secretary, Wang Yang’s proclamation that Guangdong’s development focus is “no longer economic growth, but political development” (Li 2008, 3). Furthermore, Wang stated that the province “should
become a new experimental zone for bold political reforms that would be pioneered on behalf of the rest of the country” (Li 2008, 1). I chose to study Guangdong because the province’s historical role in revolutions, large number and influence of its overseas emigrants, and strategic geographic location has allowed it to be more open to economic reform and new political ideas (Yeung 1998). Because China is under Communist rule, Guangdong’s economic and political flexibility depends on its relationship with the central government in Beijing. Therefore, I will examine the central-provincial relationship by studying economic policies and political appointments issued by the capital.

To research the phenomenon of the political relationship between Beijing and Guangdong province, I will use a qualitative case study of Guangdong. The units of analysis will include Guangdong province, the central-provincial relationship between Beijing-Guangdong, Special Economic Zones (SEZs) in Guangdong (Shenzhen, Zhuhai, Shantou), and other major cities in Guangdong (Guangzhou, Foshan). Special Administrative Regions (SARs) outside of Guangdong province and mainland China, Hong Kong and Macau’s relationship will also be addressed because their economies are closely linked with Guangdong’s due to geography. Measurements used will be public and economic policies ordered by Beijing for implementation in Guangdong, and the execution and results of such policy implementation, and the profiles of Guangdong provincial and local government officials and their appointments. Guangdong’s revolutionary history, influence of Chinese emigrants, and geographic location has allowed the province to be more open to economic reform. Whether or not Beijing’s
more lenient economic policies towards Guangdong will also lead to greater political freedoms will be examined in this paper.

**Theories**

By examining modernization theories of the relationship between economic development and political liberalization, I will apply them to Guangdong’s current status and predict how the province will develop economically and politically in the next five to ten years. How economic development leads to democratic transitions and democratic stability will be discussed in this paper from the various viewpoints of scholars Seymour Martin Lipset, Dankwart Rustow, Carles Boix and Susan Stokes, and Adam Przeworski, Michael Alvarez, Jose Antonio Cheibub and Fernando Limongi who discuss democratization in terms of endogenous or exogenous.

Lipset’s “Some Social Requisites of Democracy” is often credited as the seminal work arguing the correlation between economic development and democratization (Wucherpfennig 2009). Democracy as defined by Robert Dahl, is the combination of democratization and liberalization, or “polyarchy” which includes two dimensions: “(i) contestation—permissible opposition, public competition; and (ii) participation—right to participate in public contestation” (Dahl 1971, 4). Lipset argues that democracy is endogenous, and emerges from development during an authoritarian regime. He examines the effects economic development and legitimacy have on sustainable democracies. Lipset states that “the more well-to-do a nation, the greater the chances it will sustain democracy” (75). Lipset measures different aspects of economic development which he considers the conditions for democratic development: average wealth, level of industrialization, urbanization and education. All of these factors
measured higher in democracies compared to non-democracies. Lipset finds that these factors foster citizens who are more open to democratic ideas. Certain supporting institutions and values and internal self-maintaining processes help stabilize these democracies. In addition to economic modernization and efficiency, legitimacy and effectiveness of internal political institutions is critical to the sustainability of democracies (86). To maintain the democracy, democratic regimes need to operate through legitimate institutions to maintain the confidence of its citizens (Lipset 1959).

Rustow’s “Transitions to Democracy” examines the shift from functional to genetic reasoning in various theories as well as proposes a model to democratic transition (1970). Rustow critiques other scholars’ explanations, such as Lipset’s socioeconomic explanation, the consensus of certain beliefs, and a third explanation that examines social and political structures and political cleavages. Despite the different theories of democratization, there is a general agreement that “democracy is indeed a process of ‘accommodation’ involving a combination of ‘division and cohesion’ and of ‘conflict and consent’” (Rustow 1970, 339). Many scholars have studied how European and democracies have functioned, however studies of developing democracies in regions such as Asia require a genetic approach. However, Rustow points out that equating the functional and genetic approach can lead to errors. A relevant example is, “Communist regimes were instituted by revolutionary elites, but operate through domestic mass parties and their bureaucracies” (Rustow 1970, 341). He criticizes Lipset’s attempt to apply a “single world-wide perspective to democracy” through his statistical correlations (1970, 341). Rustow argues that while Lipset tries to distinguish between cause and correlation, he interchanges his word choice so as to allow the reader to equate cause with correlation.
Reading Lipset’s work, the reader begins to identify economic and social conditions as the independent variables, and democracy as the dependent variable. Rustow argues that any genetic theory should include a “two-way flow of causality, or some form of circular interaction, between politics on the one hand and economic and social conditions on the other” (344). Rustow considers that national unity is a necessary background condition for democratization that precedes all other factors, but does not matter how long ago it occurred. This national unity is most effective when it is tacit and assumed. Rustow presents national unity as precluding socioeconomic development as a precondition to democracy (1970). Then Rustow explains the preparatory phase which includes political bargaining between social classes. In these struggles, democracy emerged, not as the original goal, but as a “means to some other end or as a fortuitous byproduct of the struggle” (Rustow 1970, 353). It is polarization, rather than pluralism that marks this stage. Political cleavages, as long as they are not strictly along regional or religious lines are necessary to foster democracies, otherwise those divisions could lead to secession (Lipset 1959, 95-97; Rustow 1970, 354). Rustow argues that “what infant democracy requires is not a lukewarm struggle, but a hot family feud” (1970, 355). Then enters the decision stage is when the democracy consolidates and democratic procedures are implemented. This will take place among a small group of decision-makers who negotiate a series of compromises. The final habituation stage is when political leaders and citizens become acclimated to the new rules of the game. Important to note is that these four stages, national unity, preparatory, decision, and habituation should occur in sequential order. Rustow acknowledges that economic development can setup the conflict phase, but there are also other factors (362). Rustow’s main argument is that democracy
is not achieved through maximum consensus, rather through a period of intense struggle. “It is the tenuous middle ground between imposed uniformity (such as would lead to some sort of tyranny) and implacable hostility (of a kind that would disrupt the community in civil war or secession)” (Rustow 1970, 363). What could be considered consensus are the sense of national community, “conscious adoption of democratic rules,” and then implementation of these rules (Rustow 1970, 363). According to Rustow, the fundamental of democracy then is dissension.

Przeworski et al.’s “What Makes Democracies Endure”? refutes the endogenous theory and promotes the exogenous theory of democratization. While Rustow raised this important question, Przeworski et al. further distinguishes between endogenous theory, that development leads to democracy and exogenous theory, that development merely helps sustain democracy once it is established (Wucherpfennig 2009). Przeworski et al. therefore, examine how democracies are sustained, not how they are born. For the purposes of this paper which examines Communist China, this theory will not be dwelt upon. This work argues that in order for a democratic regime to come into fruition, a democracy must currently be in place. Also, a nation’s wealth, economic growth, declining inequality, favorable international political climate and parliamentary institutions are necessary for democracy to persist. Economic performance is very important to the survival of democracies, once democratic regimes are in place. Democracies are likelier to continue when their economies grow faster. As for income inequality, findings showed that in countries where the income gap diminished, the democracy was likelier to survive (Przeworski et al. 1996).
Boix and Stokes in “Endogenous Democracies” challenge Przeworski et al.’s work by positing that endogenous democratic theory has validity. Boix and Stokes expand Przeworski et al.’s dataset by extending it to 1850-1950, when no democracies existed. Boix focuses on income equality as the critical factor in the struggle for democracy. Boix’s work shows that countries with higher income equality pre-1950 were at lower stages of development than post-1950 countries studied in Przeworski et al’s work. This finding is in direct contrast to Przeworski et al’s claim that authoritarian regimes are likelier to become democracies when there is a wide income gap and low levels of development (Wucherpfennig 2009). In addition to income equalitiy, Boix examines the mobility of assets and their distribution through taxes. Boix and Stokes argue that asset mobility will affect elites’ attitudes towards capital distribution (Wucherpfennig 2009). Developed countries have higher capital mobility, thereby making it harder to tax, so elites are less concerned about being taxed. Boix examines these structural conditions (Boix and Stokes 2003).

**Intervening Factors**

In addition to these factors of economic development, income equality, education level, and pluralism to foster political liberalization, there are intervening factors that impede the process. Some intervening factors include bureaucratic inertia and the individual political ambitions of political leaders. In the Chinese Communist government system, how one performs in their local position, affects whether or not they will be promoted within the central government (Lai 2006).

The economic performance of a provincial leader’s province served to either advance or reverse their political careers. “After 1983, the Department of Organization of
the Party controlled its appointments of local cadres mainly at the provincial level” (Lai 2006, 17). By rewarding officials who successfully increased the standard of living and wealth in their province, leaders were motivated to implement liberal economic policies, as well as “encouraged local cadres to become political entrepreneurs” (Lai 2006, 18).

For many of the local officials, their political survival hinged upon the support of state-owned enterprises (SOEs) in their province and holding off on reform. However, since light industry and non-state sectors benefitted the most from pro-reform policies, heavy industry and state sectors were against reform policies. Since many officials were directly in charge of SOEs or worked with organizations connected with SOEs, if the SOEs did not perform well, these officials’ jobs would be threatened. Similarly, an increasingly market-oriented economy strives for efficiency, which would include streamlining and reform of administrative and organizational processes. This “streamlining” and “reform” could eliminate ineffective bureaucrats and replace them with “younger, more well-educated and open-minded officials” (Lai 2006, 181). Due to this risk of endangering their own jobs, older bureaucrats are less likely to push for reforms. Non-state sectors also benefit from reform packages which include “stronger enforcement of property rights, greater incentives for managers and employees, and greater flexibility in employment and responding to market signals. Provinces with larger bureaucracies and state sector and heavy industries would have a vested interest in maintaining the status quo and resist reform, more so than provinces with larger non-state actors and light industry (Lai 2006). Guangdong, having begun in light industry, benefitted greater from pro-reform policies, than heavy industry provinces. “As the state’s cap on personal consumption lifted, demands for consumer goods and hence light
industrial goods would expand” (Lai 2006, 156). As a result, light industry would enlarge and reap more profit (Lai 2006).

Research Design

To research the phenomenon of the political relationship between Beijing and Guangdong province, a qualitative case study of Guangdong will be used. A brief comparison with economically competitive regions, Shanghai Yangtze Delta and Hong Kong will also be covered. The units of analysis will include Guangdong province, the central-provincial relationship between Beijing-Guangdong, SEZs in Guangdong (Shenzhen, Zhuhai, Shantou), and other major cities in Guangdong (Guangzhou, Foshan, Dongguan). Xiamen, the fourth SEZ in China, although in Fujian, the adjacent northeastern province, will also be briefly addressed, as its close proximity to Guangdong also influences the province. Special Administrative Regions (SARs) outside of Guangdong province and mainland China, Hong Kong and Macau’s relationship will also be addressed because their economies are closely linked with Guangdong’s due to geography. Measurements used will be public and economic policies ordered by Beijing for implementation in Guangdong, and the execution and results of such policy implementation, and the profiles of Guangdong provincial and local government officials and their appointments. Through my research I hope to propose that Guangdong’s revolutionary history, influence of Chinese emigrants, and geographic location has allowed the province to be more open to economic reform. However, this has also led to a more complex Guangdong-Beijing relationship, as the central government tries to exert more political control over the province.
Overview of Economic Development in China

Deng’s Open Policy occurred through five stages, first, (1978-84) witnessed the creation of four SEZs, three in Guangdong. Second, in 1984 fourteen open cities were established in coastal areas, including Shanghai and Guangzhou. Third, in 1985, sixty-one cities and counties in three deltas became coastal open economic zones. Fourth, in 1990 Shanghai’s Pudong district gained rights similar to that of an SEZ. Fifth, in 1992, a majority of provincial capitals and key cities in inner provinces were opened up by the state (Lai 2006, 142).
Why study Guangdong?

Guangdong’s rapid economic success and ability to experiment is due in part to its many strategic advantages, which include its geography, economics, history and culture (Lai 2006, Cheung 2002, Yeung 1998, Li and Yang 2002). By selecting a province that possessed many favorable factors as a preliminary “testing ground,” ensured that it would succeed and therefore serve as an example to other areas of China.
and save the government widespread embarrassment if it were to implement nation-wide reforms from the very beginning. One of the reasons Guangdong was selected as the first province for economic experimentation was due to its proximity to Hong Kong, and Hong Kong’s need for cheap labor and markets. Guangdong is close to the developed economies of Taiwan and Hong Kong (Lai 2006). Guangdong has also benefitted from “pioneering and effective political leadership, early conferment of special policies by the central government…market-oriented development strategy that capitalizes on comparative advantages, and a decentralizing reform program that enhances the autonomy of sub-provincial governments” (Cheung 2002, 125). “Guangdong’s distinctive sub-culture, its history as a trading center and treaty port, its distance from the capital and its proximity to Hong Kong and Macau not only inspired local spirit and identity but also aroused central suspicion” (Cheung 1998, 25). Geographically, it is the southern-most Chinese province, (excluding the island province of Hainan), situated 2,324 km, by rail south of the capital, Beijing. Ezra Vogel posited that the farther a province was from Beijing, the stronger inclination it had towards economic reform (1989). The closer a region was to the coast also increased its chances of receiving more favorable “opening up” policies. This is due to the fact that coasts have cheaper and easier access to maritime transportation which lowers costs of importing and exporting and attracts foreign direct investment (Lai 2006, 174). Prior to the creation of a separate Hainan province as a Special Economic Zone on April 13, 1988, Guangdong once encompassed Hainan to equal 212, 005 square kilometers sq. km (SCUT). Today, Guangdong occupies less than 2% of the nation’s total territory, at 180, 000 square kilometers (Cheung 2002). In geographical terms, Guangzhou is strategically situated on the north of the Pearl River
Delta, only 120 km northwest and 145 km north, respectively, of global financial centers, Hong Kong Macau (HKTDC). Climate wise, it is the only Chinese province, besides Hainan, that is south of the Tropic of Cancer, leading it to have a tropical and subtropical climates, which creates an agriculturally productive environment (Yeung 1997). It also has the longest coastline of all provinces, 3,368 km, or 10.52 % of China’s total coastline (Yeung 1997, Cheung 2002). This long coastline offers Guangdong the advantage of marine resources, fisheries, and shipping. Guangdong’s provincial capital, Guangzhou, is situated on the economically important Pearl River Delta. The river system provides a cheap and easily accessible transport system, ideal for shipping and trade.

Topographically, the province is also separated from the rest of China by the east-west Nan Ling range. In ancient China for a long time, GD was perceived as a “semi-civilized frontier,” a place for exiled political figures (Yeung 1998, 3). Guangdong also has its own dialect, Cantonese.
Guangdong also has a long history of its people immigrating overseas to Southeast Asia, Australasia, and North America (Yeung 1997, Cheung 2002). Important to note, are the strong links that Guangdong emigrants maintain to their home province. In the mid-1980s, returned overseas Chinese totaled approximately 10 million. This large overseas Chinese population has been critical to the transfer of technology, investment capital and information back to Guangdong (Yeung 1997, Lai 2006).

**Guangdong in relation with Shanghai and Hong Kong**

Guangdong, with its proximity to Hong Kong, and its economic model, that has been followed by Shanghai, warrants a comparison with and careful study of Hong Kong
and Shanghai. Even prior to the British handover of Hong Kong back to China in 1997, Guangdong and Hong Kong were linked by economic trade. This cooperation was facilitated by their shared culture and Cantonese language. Many Hong Kong residents originated from Guangdong and maintained strong ties to their home province which showed through their investments back in Guangdong (Li and Yang 2002). Shanghai, with its entrepreneurial, outward-looking people, makes it similar to Guangzhou. Also geographically, like Guangzhou, Shanghai is located on a river delta, specifically the Yangtze River Delta, and especially since the 1990s has become an economic rival to Guangdong.

![Figure 3: GDP for all provinces and nominal GDP growth in China for the year of 2008](Source: Starmass.com)
Chapter 2

Shanghai Yangtze Delta (YZD) and Hong Kong

Shanghai

Historical Development

Like Guangzhou, Shanghai is strategically located, with access to both overseas trade and migrant labor and is economically vital to China (Hook 1998). Known as the “Paris of the East,” “the most sophisticated and the most cosmopolitan city in all of Asia (especially in the 1920s and 30s),” Shanghai has long been a cultural, business and industrial leader in China (Jacobs 1997; Carroll 2007). Shanghai has rivaled Beijing in cultural endeavors and Hong Kong in international financial and economic ambition. The city’s very name, meaning ‘on to the sea,’ ‘embarkation point’ alludes to its destiny as a leading commercial center (White 1998). Since the 1990s, Shanghai’s lower Yangtze Delta region has also been competing economically with Guangdong’s Pearl River Delta region. But whereas Beijing is propped against the Great Wall and focused on maintaining order within the Chinese continent, Shanghai sits on the Yangzi Delta, and opens her arms out toward the Pacific Ocean in the East, accepting the world’s goods, capital and ideas (Jacobs 1997). Politically though, Hong Kong, as a Special Administrative Region (SAR) and previous British colony has been more vocal about political reforms than Shanghai on the mainland. It was only post-1989 that Beijing granted Shanghai preferential treatment allowing it to grow economically. As Hong Kong became more critical of central government policies, Beijing tightened control of Hong Kong and loosened on Shanghai (Jacobs 1997, 164).

Economically, Shanghai’s emphasis has been heavy industry and advanced technology, whereas Guangdong’s focus has been light industry and manufacturing. Both have its share of foreign
direct investment, but Shanghai has more state-owned enterprises, whereas Guangdong enjoys a larger private sector (Lieberthal 2004).

Shanghai has also been known as “the other China” because its political elite has been critical but on the sidelines to the central government (White 1998, 32). By the 1830s, the canal system and coast trade enabled Shanghai to become the largest commercial center in the lower Yangtze (White 1998). During the Republican period from 1927-37, Shanghai’s rapid growth and close distance to the then national capital, Nanjing, created a tense business-government relations due to the material demands of the Kuomintang party (White 1997, 32). “By the late 1930s, Shanghai accounted for over 40% of nation’s industrial assets, 43% of industrial workers, and more than half of the nation’s industrial output” (Lin 1998, 51). After the Opium War was ended by the Treaty of Nanjing in 1842, Shanghai was one of five operating ports allowed operation (Lin 1998, White 1998). From the beginning, leasing agreements between foreign governments and the Chinese were based on private financial transactions, and not formal transactions (White 1998). “Business completely dominated politics” (White 1998, 31). In 1843, the British staked their claims, and in 1848 and 1849 the Americans and French followed suit. In 1854, the British, French and American consul-businessmen jointly established the Shanghai Municipal Council, which had full control of the region, but sovereignty was never conceded to foreign hands. The French withdrew and formed their own Concession in 1862 (White 1998). In 1863, the British and Americans consolidated their claims in the International Settlement (Jacobs 1997, 164). When the Japanese occupied Shanghai, the city experienced its first strong government (White 1998). Japanese occupation and the Civil War, however, interrupted Shanghai’s “so-called golden era of capitalism” (Lin 1998, 51).

At the turn of the twentieth century, Shanghai witnessed “gentry democracy” because the wealthier community leaders could afford some “modicum of civic spirit” (White 1998, 32). During the war years in inner China, Shanghai received elite refugees and immigrants who
maintained their “horizontal” provincial ties and the central government had difficulty managing the inter-local politics of these ‘sojourners’” (White 1998, 32).

Yet it was not until the twentieth century that Shanghai’s population began to take off, increasing tenfold during 1895-1945. Migrants from poorer Chinese provinces, drawn by Shanghai’s economic opportunity, contributed to this large increase. Likewise, Shanghai’s burgeoning economy attracted professionals, businessmen and capitalists from other areas. As Shanghai hosted many foreign establishments and was far from battle zones, the city also became a refuge for foreigners during war times (Taiping Rebellion 1855-65, Japanese occupation 1936-42, Civil War 1945-48). Subsequently in Shanghai, the foreigner population constantly increased as the Chinese population decreased (Jacobs 1997).

**Economic Development**

Shanghai’s economic transformation was a more painful process than other provinces however. Since the creation of the People’s Republic until Deng’s reform policies, the city had been under strict central planning. When the People’s Republic was established in 1949, many welcomed Communist rule because they anticipated it as a departure from the Kuomintang’s extractive policies. The Communist Military Control Commission instructed the businessmen to continue their usual practices. The Communist government also designated Shanghai the site for the nation’s largest comprehensive industrial base (Lin 1998). This was carried out by a constant flow of low-cost raw goods and guaranteed market shares. As repayment, Shanghai was charged with producing over one-third of Chinese products. Despite this special role, the heavy focus on manufacturing and the government’s to isolate the city from international trade undermined Shanghai’s traditional strength as a financial, service and commercial center (Lin 1998). Under Communist rule, Shanghai still thrived economically, producing “over 60% of the nation’s imports and exports, over 80% of foreign capital, and more than half of industrial production, and handling nearly all international financial transactions” (Lin 1998, 51). Shanghai’s leading
industrial capacity and well-educated population led to its important national role. Shanghai contributed to 40% of China’s industrial capital, 43% of the industrial workforce and 50% of its industrial output (Jacobs 1997). However, from 1949-1989, “Beijing controlled and milked Shanghai to support the Center and to build industry in the interior” (Jacobs 1997, 166). Although Shanghai’s industrial production was stymied during the Japanese invasion of 1937, it was still responsible for almost 25% of the nation’s industrial output. Concerning literacy and education levels, although Shanghai only comprised less than 1% of China’s population, the city had over 25% of China’s students. The workforce was varied among commerce, service industries, industry, state organs and mass organizations and others. As an industrial center and highly educated city, there was constant in- and out-migration from Shanghai during Mao’s rule (1950-76). The central government “organized substantial out-migration from Shanghai for two reasons: to fragment potential political opposition within the ‘sink of iniquity’ and to use Shanghai skills to establish industry in China’s hinterland” (Jacobs 1997, 167). Shanghai’s urban area greatly benefitted from both flows of migration, as the migrants had higher levels of education than the city’s population as a whole (Jacobs 1997). Shanghai’s jurisdiction increased tenfold under the nation-wide redistricting (1949-58) and population almost double from 5 million to 10 million (Lin 1998). This joint population and jurisdiction increase became the “base for Shanghai’s ambitious plan to develop itself into a self-sustained powerhouse” (Lin 1998, 51). Among its substantial political privileges allowing it greater influence compared to other provinces, Shanghai was one of three municipalities (besides Beijing and Tianjin) under direct central government supervision and held a seat on the powerful Politburo during normal times.

At the beginning of Deng’s reform policies in 1978, Shanghai led China “in virtually all important economic categories such as GNP, industrial output, export and government revenue” (Lin 1998, 49). But during the first phase of reform (1979-84), Shanghai struggled to adjust to the new changes, and its economy lagged behind the national average for the first time after 1949,
and its industrial capacity was being challenged by Guangdong. “Shanghai in the mid-1980s appeared to be a laggard in the reform and a loser in a comparative sense” (Lin 1998, 49).

Shanghai’s economy took a more positive direction with the arrival of new leaders, Rui Xingwen and Jiang Zemin in 1985. Industrial output, exports, investment infrastructure increased after they assumed leadership, and GNP growth began to exceed the other provinces (White 1998). By the beginning of the 1990s, gradual improvements “turned into a torrent of breathtaking changes” (White 1998, 50). With the establishment of the new Pudong business district and a systematic initiative to transform the city into China’s trade and financial center, “the Shanghai fever was on” (White 1998, 50). Shanghai returned as a “shining example” of the ‘roaring economic development’ in China. The Economist magazine even suggested in 1995 that ‘if China were like Shanghai, the rest of the world might as well concede defeat tomorrow’” (White 1998, 50).

Shanghai’s economy began to take off in 1992, when the central government granted it special privileges. Continuing on the economic foundation built since pre-1949, “Shanghai has remained China’s wealthiest provincial-level unit and an important, relatively efficient industrial center” (Jacobs 1997, 168). Beijing began economic experimentation earlier in Guangdong than in Shanghai because it was less risky—in the late 1970s during the beginning of economic reform, Shanghai contributed 20-25% of the central government’s revenue, whereas Guangdong accounted for less than 1%. “Shanghai has been the single largest provincial-level contributor to central government funds” (Jacobs 1997, 169). Shanghai paid a greater proportion of its revenues to Beijing than other provinces. From May 1949 to end of 1988, Shanghai paid 83.5% of its fiscal revenues to the center, keeping only 16.5% for its own development and services (Jacobs 1997, 169). From 1949-88, Shanghai contributed to about one-sixth of overall government revenue, yet only retained 13% of what it collected (Lin 1998). Of the minimal central investment that went towards projects in Shanghai, most of it went to industrial sectors, instead
much-needed basic infrastructure (Lin 1998). In contrast to Guangdong which had greater control over its local revenues, “Shanghai had to go ‘cap in hand’ to the center for major investment funds” (Jacobs 1997, 169). This financial obligation to the center and lesser economic flexibility allowed Guangdong to develop much faster than Shanghai. The Shanghai Party initiated economic contract to coordinate between Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi and Shanghai City in July 1957. It resulted in a Shanghai economic zone, but the greatest beneficiary was the central government who could “monitor and tax long-distance trade more readily than it could extract from trade on the canals of the flat delta” (White 1998, 37). Under the centrally-mandated economy, heavy industry became dominant in Shanghai. The city was to finance “third great front” (da san xian) industrial projects in inland China. In 1959, Mayor Ke argued for a unified national market which could be easily taxed in his famous article, “On the Nation as a Single Chessboard” (White 1998, 38). Mayor Ke presided over mixed administrations, “where Cao Diqiu and Chen Peixian managed production, while Zhang Chungqiao and Yao Wenyuan served as grand inquisitors in China’s most capitalist city” (White 1998, 40).

Cao Diqiu succeeded Ke as mayor. After 1965, the division in the Shanghai government paralleled those in Beijing. Shanghai’s top leaders were appointed by Beijing and followed central policies closely, more interested in setting their eyes on central promotion than advancing Shanghai politics (White 1998). From the 1950s to 1965, most of Shanghai’s politics were “conducted separately through more local leaders” (White 1998, 40).

Central leaders had hoped after 1980 that Shanghai’s interprovincial ties would be more coordinated, in “bulk commodities and mainly long distance, not within Jiangnan, so that Beijing could more easily monitor and tax Shanghai’s trade (White 1998, 43). An office for a Shanghai Economic Zone was established, despite the fact that it did not have the power to challenge provincial or municipal decisions. The zone’s office was more symbolic than actual in its power—it simply coordinated local governments after they had already reached an agreement;
central appointments managed tax collection. The Shanghai Economic Zone also was never labeled as “special” like Shenzhen. The office was the central government’s way to control local opposition to central revenue collections. However, because of Shanghai’s wealth and contributions to the national treasury, it had more room to negotiate with Beijing (White 1998).

Shanghai’s economy is still at the top in China and growing fast. Even though the Yangtze Delta Region only occupies 2.1% of China's land area, it generates about 22.5% of the country's GDP, 31.5% of tax revenue, and holds 35% of the country's foreign investment” (Xinhua 2008). The YZD’s GDP surpassed 4.66 trillion yuan (682.21 billion USD) in 2007, rising 15.2% per year. It is predicted that Shanghai’s GDP will reach 15.95 trillion yuan by 2020, based on the annual growth rate of 11 per cent (Xinhua 2008). Shanghai is not only competing with Guangdong, it is also catching up with Hong Kong.

Political Development

Politically, Shanghai has been important in Chinese history. The city’s labor movement was active during foreign occupation and even post-1949, the radical “Gang of Four” was based there during the Cultural Revolution. However, the post-Mao period and particularly in the 1990s, Shanghai became less active politically (Jacobs 1997). There are two explanations: “first, although Beijing and Shanghai are rivals, they also have a symbiotic relationship” (Jacobs 1997, 185). The center benefits from Shanghai’s revenue and economic wealth; whereas Shanghai benefits from preferential policies issued by Beijing. Shanghai is careful not to challenge Beijing’s political power, because it knows that it needs to remain in Beijing’s favor in order to continue leading in the market and knowledge expertise. The advancement of Shanghai officials, to central positions exhibit the “smooth working relationship” (Jacobs 1997, 185). “President Jiang Zemin, Vice Premier Zhu Rongji and Vice Premier Wu Bangguo had all served consecutively as Shanghai Party Secretary from 1987 to 1995” (Jacobs 1997, 185). Positioned in Beijing, Jacobs argues that their influence lies in Shanghai’s economic importance to the nation,
rather in their political connection to the province (1997). Shanghai leaders ability to improve quality of life for its citizens, limit corruption and maintain public order also increased their political credibility, which reduced citizen political agitation. Since the 1980s, the quality of Shanghai’s leadership improved greatly and in 1995 they were mostly middle-aged technocrats and had international experience. A well-connected senior economist stated “when Shanghainese are concerned with politics, they see the world,” meaning Shanghainese, with their long exposure to foreigners, are more concerned with international politics, such as ties with the U.S., Japan and Taiwan, than they are with domestic politics (Jacobs 1997, 186). Furthermore, they care more about investment and trade policies, than administrative politics emanating from Beijing (Jacobs ’997). Shanghainese have been described by one foreign observer as “holding leaders in contempt, lacking enthusiasm for politics” (Jacobs 1997, 187). Due to their recent migrations overseas, Shanghaiese are ever dubbed the “domestic overseas Chinese” (Jacobs 1997, 187).

**Key Leaders**

Politically, Mao Zedong used Shanghai as his “political stronghold and a springboard to launch many political campaigns” (Lin 1998, 52). Shanghai played a central role in initiating the Cultural Revolution, and many of the local radical leaders advanced onto top central positions. Three of the so-called “Gang of Four” leftist faction, came from Shanghai—Yao Wenyuan, Zhang Chunqiao and Wang Hongwen (Lin 1998). As such, Shanghai was shielded from many of the devastating effects of the Cultural Revolution and was thus allowed to economically develop while other provinces suffered. However, upon Mao’s death in 1976, Shanghai’s loyalty to Mao, backfired when the entire municipal leadership was purged. As evidence of the step away from radical left policies, for more than a decade, no members from Shanghai’s own Party was permitted to serve in its top political positions. While other provinces benefitted from Deng’s reform policies, Shanghai struggled through leadership reshuffling. The first two groups of leaders from 1976-84 were either more concerned about their own political agenda or no
committed to Shanghai’s reform. The first group included, Su Zhenhua, Ni Zhifu, and peng Chong who were more loyal to Mao’s successor, Hua Guofeng, than the rising reformers led by Deng (Lin 1998).

After Zhang Chunqiao was purged in 1976, Shanghai’s top leaders came from central government, the military, Jiangsu province or Beijing city (White 1998). Dynamic leadership was introduced in 1985, with Rui Xingwen as party secretary and Jiang Zemin as mayor. When Rui was promoted to member of the Secretariat in Beijing a few years later, Zhu Rongji succeeded Jiang, and Jiang replaced Rui (Lin 1998). The difference in leadership this time was that the previous two groups were sent by the central government to implement central demands. Rui and Jiang were regarded by Jiangnan people as central advocates, and less Shanghai advocates. In contrast, this third group was instructed to reinvigorate Shanghai’s economy and through that process, contribute to the national economy. Rui and Jiang were regarded by Jiangnan people as central advocates, and less Shanghai advocates. Under an agreement with Beijing, Shanghai was to receive a revenue-sharing package. Beijing also granted Jiang’s request that the city be allowed to raise funds in the global market independent of central ministry control. The new relationship between Shanghai and Beijing was marked by requests by the Shanghai leadership and prompt, affirming responses from Beijing. This relationship was made possible by the fact that as long as Shanghai ensured economic growth and thereby, greater contributions to the nation’s economy, the central government would grant requests in the hopes of greater returns (Lin 1998).

In examining Shanghai’s politics in the 1980s, it is more important to study the semi-autonomous advisory organizations, instead of the high levels of government. The Shanghai Academy of Social Sciences and the *World Economic Herald* proposed many new policies in the 1980s, and criticisms voiced against centrally appointed leaders were often heard in the Shanghai Municipal Congress and People’s Political Consultative Congress. In 1991, Wu Bangguo became secretary and Huang Ju became mayor. Although they were both centrally-appointed, they had
served their whole careers in Shanghai. “But their jobs were deeply affected by BJ’s loss of control over local money flows and by SH entrepreneurs’ 1990s efforts to sell goods in an increasingly competitive national economy” (Lin 1998, 48).

The purges of Rao Shushi and Pan Hannian in 1954 and 1955, respectively, marked critical changes in Shanghai’s leadership. The purges had opposite fiscal goals: Rao had been too radical and premature in his extraction of wealth from Shanghai businessmen; whereas, Pan was deemed not effective enough in extracting revenue from the capitalists. Pan’s abrupt discharge was based on “counter-revolutionary activities” according to a central government official. In either case, it was clear that the Party was concerned about how much public respect they would permit non-communist leaders and how much revenue should be retained by Shanghai or diverted back to Beijing (White 1998).

With Deng’s rise in central government in late 1978, a new second group of leaders, composed of Chen Guodang and Hu Lijiao were sent to Shanghai. Both were close to Chen Yun, an arch conservative and had served as ministerial leaders. Wang Daohan, who served as the city’s mayor from April 1981-July 1985, had extensive experience in managing complex places like Shanghai. Although this second group of leaders were more committed to Shanghai’s development, they were unable to completely redirect the city’s economy. Some explanations are that none of the leaders had the national political status to influence central policy regarding Shanghai. This lack of impetus hurt Shanghai, as many of the reform and financial decentralization policies were implemented during the early stages of reform. The central government also lacked clear new direction for Shanghai. It remained undecided whether or not to grant the city SEZ status. Deng later regretted not designating Shanghai an SEZ. Wang was more “cosmopolitan and open-minded” however Chen and Hu were older, more long-term central planners and hence, less innovative. They oversaw a deteriorating infrastructure and continued to emphasize traditional industries (White 1998, 55). One of the major issues that needed to be
addressed to move forward, was to restore Shanghai’s strengths as a commercial and financial center by taking advantage of its skilled human resources and managerial expertise. To accomplish this three criteria was needed: “a reform and development strategy, set of policies to implement strategy, and sufficient resources” of which first, reform-oriented and effective leadership is critical (White 1998, 56).

Shanghai served as an alternative path to reform than Guangdong (Lin 1998). Deng and Chen Yun had different opinions as to how to implement reform in general. However, the both seemed to agree that Shanghai needed more freedom to aid to stimulate the local economy in its own style. Another factor was that Rui, Jiang and Zhu were at least five years younger than the previous group of leaders, who had been approaching retirement. Since they were retiring soon, they lacked motivation to innovate or take risks in the hopes of being promoted. Whereas for Rui, Jiang, Zhu they still had the opportunity to develop their careers and given the leadership vaccum post-Cultural Revolution, provincial leaders were increasingly recruited to fill central positions. By accomplishing tangible results in Shanghai, they would receive greater recognition from the central government, and therefore, greater chances of promotion.

The more advanced educational and professional backgrounds, as well as different personalities of Rui, Jiang and Zhu also served them well in leading Shanghai. They all had completed or received partial university-level education. All three also had experience managing urban sectors of the economy, which was particularly relevant in Shanghai. Even more significant was the fact that, the three personalities were complementary, rather than mutually exclusive or in competition with one another.

Hong Kong

Historical Development

Political power traditionally has been concentrated in the north, and northern Chinese have long felt superior to southern Chinese (Carroll 2007). Today Hong Kong is a
Administrative Region (SAR) in southern China and refers to three areas: Hong Kong Island, Kowloon Peninsula, and the New Territories. It is 80 miles southeast of Guangzhou. Hong Kong’s rule under the British crown began in 1841 when the navy arrived on the Island and the Qing Dynasty ceded it to the British “in perpetuity” under the Treaty of Nanking in 1842 (Carroll 2007, 1). The 8 square mile-Kowloon Peninsula was ceded to Great Britain under the Convention of Peking of 1860; and the 365 square mile-New Territories, was handed over to British for ninety-nine years beginning in 1898. The city whose name means “fragrant harbor,” offers no natural resources, but does boast a deep and protected harbor, which has led to its status as one of the world’s busiest trade ports and metropolises. British rule was interrupted by the three-and-half-year Japanese occupation during World War II, and was finally ended on July 1, 1997, when Hong Kong was returned to China (Carroll 2007). As a Special Administrative Region (SAR), Hong Kong operates under the “one country, two systems model,” as a free port with low taxes and little government intervention in the market (Carroll 2007, 6).

On the surface, when compared to Beijing and Shanghai, Hong Kong seems politically and commercially less important, respectively. However, it is argued that the 150 years when Hong Kong was not under Chinese control, contributed to its present-day importance to China. Many revolutionary leaders were educated in Hong Kong, such as Sun Yat-sen, leader of the 1911 revolution which overthrew the imperial dynasty and Ng Choy (Wu Tingfang) the father of modern Chinese law. Since the Taiping Rebellion (1851-64), Hong Kong has been a refuge for Chinese escaping war and political persecution. The city has long served as China’s conduit to the outside world, since the age of the Mongols and the Silk Road. Until recently, almost 90% of all Chinese emigrants traveled through Hong Kong. The city was responsible for exporting goods worldwide from 1960s until the 1980s. And mainland Chinese depended on the Hong Kong “window to the outside world” for the valuable imports as well as remittances from overseas Chinese it received (Carroll 2007, 3). During the 1950 Korean War, Hong Kong was also a
smuggling port for military supplies during the American and United Nations embargoes. Much of China’s rapid economic growth is attributed to the investment from Hong Kong’s businesspeople (Carroll 2007).

The majority of Chinese in Hong Kong prior to 1949, were sojourners who identified more strongly with China; however most people born in Hong Kong post-1949, identified less with the Communist government and more with being Hong Kongese (Carroll 2002). Particularly during the upheavals of the Great Leap Forward and Cultural Revolution, Hong Kong people recognized the stark contrast between political stability and economic freedom in Hong Kong and suppression and confusion in the mainland. This sense of Hong Kong identity developed among the more affluent Chinese as early as the late 1800s and was reinforced after the 1911 Republican Revolution, revolutionary nationalism of the 1920s. This sense of identity spread to other social classes by the 1960s and 1970s and developed from Hong Kong’s increasing wealth, deepening relations with China, and the push from the British government to cultivate a sense of local identity. Perhaps even more important in solidifying this sense of identity was the widespread awareness by the 1980s that Hong Kong would be returned to Chinese rule in 1997 (Carroll 2002).

Due to Hong Kong’s proximity to Guangdong province, what happened in Guangdong affected Hong Kong. Despite a substantial foreign presence in Hong Kong, its population remained largely Chinese. However, due to its separate political development from the rest of mainland China, due to its British colonial rule, Hong Kong has developed a complex relationship with the mainland. There’s a popular phrase that says, “when there’s trouble in Hong Kong, go to China; when there’s trouble in China, go back to Hong Kong” (Carroll 2007, 3). Whenever there were violent conflicts in China, people would escape to Hong Kong, providing labor and capital (Carroll 2007).
Politically, Hong Kong was administered from the top to the lower levels by British officials. By the early 1950s, Britain had granted Hong Kong significant administrative and financial autonomy. By the late 1950s, Hong Kong was allowed to formulate its own tax, housing and welfare policies. The colony was allowed to determine its own commercial policies, exchange rate and manage their foreign funds in the 1960s and 1970s. “While this autonomy frequently enabled the colonial government to evade the British government’s orders and guidelines for decolonization and political reform, it enabled Hong Kong to function as its own administrative and economic entity” (Carroll 2002, 171). Hong Kong acted independently in several international institutions and managed trade development offices in prominent world cities. Until the 1970s, governors with previous experience in the other British colonies were appointed to Hong Kong. Despite the often negative connotations of colonialism, the “shared commitment to economic freedom and political stability” helped protect Hong Kong from the political and economic turmoil experienced in China (Carroll 2002). Great Britain historically expressed less interest in Hong Kong compared to its other colonies, and the Sino-British relationship began to overshadow British interests in Hong Kong (Carroll 2002).

America was also involved with Hong Kong since the early 1800s during the opium trade. The United States was also involved with the import and export trade through Hong Kong. During the Cold War, Americans used Hong Kong as a “listening post on China, base for anti-Communist propaganda” and the Chinese used it similarly to stay in touch with the outside world (Carroll 2007, 5). The PRC also recognized Hong Kong’s economic and political importance and were “eager to continue the pragmatic relationship…that had been built in the 1950s” (Carroll 2007, 176). Signs of deepening economic ties with Hong Kong was indicated by the 1969 creation of the U.S. Chamber of Commerce, which led to an increase in American expatriates to exceed the British by the late 1970s.
Interestingly, although Hong Kong people enjoy a relatively high level of personal freedom, political representation or political parties did not exist until the late 1980s and early 1990s. Hong Kong Chinese also have assumed a unique identity, distinct from their mainland neighbors. This distinct sense of identity developed in the late 1800s, “when the Chinese in Hong Kong contrasted the order and prosperity there against the political chaos and economic backwardness of China” (Carroll 2007, 6).

Hong Kong’s economic success is largely attributed to its deep natural harbor, strategic location, and British. Its economic performance is evidenced by the facts that when British rule ended, “Hong Kong held the world’s seventh-largest foreign reserves and was the world’s third-largest exporter of clothing…and had the second-highest per capita gross domestic product in Asia (after Japan)” (Carroll 2007, 7). The handover was also unique in that it did not arise from internal demand or international pressure, since many Hong Kong Chinese preferred British colonial rule to Chinese rule). In 1972, however, Beijing proclaimed Hong Kong’s future “a purely internal Chinese matter to be resolved when the government decided the time was right” and the decision was signed in the 1984 Sino-British Joint Declaration (Carroll 2007, 7).

Since the Communists came to power in 1949, the government had generally stayed out of Hong Kong political and economic affairs. China recognized that Hong Kong’s wealth was especially critical in the 1960s and 1970s, during the Great Leap Forward and Cultural Revolution, when Hong Kong’s foreign capital funded much of the PRC’s imports (Carroll 2007).

As China opened up to the world in the late 1970s and early 1980s, more people from both the mainland and Hong Kong side traveled to the “other side” and became more aware of just how different the two systems were. Over 30 million trips were made to Guangdong from Hong Kong from 1978-1987; over 170, 000 mainlanders visited relatives in Hong Kong by 1987. Although this increased contact helped strengthen Hong Kong people’s sense of Chinese identity,
it also served to develop Hong Kong people’s sense of uniqueness within China. For many, they
accepted Chinese culture, but not the Communist political regime. This strong sense of local
identity was evident in the shift from activism on the part of Chinese national affairs to local
issues. In the mid-1970s, as overall education levels and Hong Kong’s wealth increased, locals
demanded more from their local government in public services.

**Hong Kong’s 1997 Return to China**

The Chinese government recognized that Hong Kong benefitted under colonial rule. Although in 1963, the *People’s Daily* commented that the future of Hong Kong would be
“settled peacefully through negotiations’ when conditions were ‘ripe,’ three years later, the
Chinese foreign minister declared that regaining Taiwan was a priority but that Hong Kong and
Macau were not” (Carroll 2007, 148). After China was admitted into the United Nations (UN) in
November 1971, China’s ambassador to the UN, Huang Hua, “clarified Hong Kong’s status as “a
Chinese territory under British administration” (Carroll 2007, 176). Hua reiterated the 1963
sentiment by reaffirming that Hong Kong was “an internal Chinese matter, to be solved by the
Chinese government” (Carroll 2007, 176). Implicit in Hua’s statements was that Hong Kong
people would not be consulted regarding Hong Kong’s future. In 1978, a high level official from
China News Agency’s Hong Kong office, commented that “China should learn from Hong Kong
and other industrializing countries” (Carroll 2007, 177).

Concerning Hong Kong’s return to China under Communist rule, many predicted China
would “clamp down” on Hong Kong’s economic and political freedoms (Carroll 2007). But “as
journalist Frank Ching argued in 1999, these doom-and-gloom predictions overlook how PRC
policy toward Hong Kong has always been dictated by ‘self-interest’” (Carroll 2007, 217). The
PRC could have easily took control over Hong Kong during 1949 and the Cultural Revolution,
but the central government knew that Hong Kong served many important functions, such as
China’s “window to the outside world, base for trade with non-Communist countries, supply of
smuggled goods during the American and UN embargoes of 1950s, and great contributor to PRC national treasury in the 1970s” (Carroll 2007, 217). Nevertheless, Ching acknowledged the concerns:

China’s promise not to interfere in Hong Kong’s internal affairs is similar to a left-handed person promising only to use his right hand. The promise may very well be sincere but, in the absence of restraints, the left-handed person will sooner or later forget without even realizing it, start using his left hand. (Carroll 2007)

Surprisingly, little has changed in Hong Kong since its return to China. For example, many senior government officials remain in their positions, English is still the common language used in business and politics, and expatriates still account for 2-3% of the population. Hong Kong’s return to China also thrust it into the “international spotlight in a way that further enhanced its global reputation as a vibrant, cosmopolitan society” (Carroll 2007, 219).

Hong Kong as a previous colony, is unique in that it experienced decolonization without independence, but the transition has been a challenge. Regarding democratization, there are still Hong Kong prodemocracy activists and legislators who remain dissatisfied at the stagnation impeded by Beijing. In 1992 Governor Chris Patten appointed a bureaucratic elite who were dedicated to promoting democracy, but were not trained how to manage the transition from colony to SAR (Carroll 2007). Managing Hong Kong is difficult because the colonial administration had enjoyed substantial political and economic autonomy from the British government by the 1960s and was not accountable to public opinion, however the new officials in the HKSAR have to balance pleasing the central government and the influential business interests and local citizens, which “now expect and demand more of their government” (Carroll 2007, 219). The annual anniversary of Hong Kong’s reversion to Chinese sovereignty is not a celebration but rather an opportunity to voice complaints against the HKSAR administration. “On June 30, 1999, Legislative Council member and union leader Lee Cheuk-yan called for a new chief executive and members of The Frontier, a prodemocracy party, criticized the
‘hegemony’ of the new administration” (Carroll 2007, 220). Students and political groups marched in protest towards the government headquarters the next day.

**Economic Development**

Hong Kong’s status as a British colony and Asian export/import center prepared the city to become a global commercial center. The UN and American embargoes during the 1950s were a blessing in disguise, because they forced Hong Kong to transition from an export/import economy to a manufacturing one. This impetus was started by local Hong Kong entrepreneurs as well as the large number of entrepreneurs from the mainland. The post-1949 economic boom in Hong Kong is credited to the Chinese of Hong Kong, both long-established locals and recent immigrants, who served as both the producers and consumers. Hong Kong’s political and economic stability as a British colony, its deep harbor and insulated port, and constant influx of cheap migrant labor from the mainland also contributed to its economic success. In addition, the banking and trade networks established by the British and the accompanying bank loans were critical to Hong Kong’s industrialization. Most historians consider Hong Kong’s ascension to a regional financial center started in the late 1960s and early 1970s, however economic historian Catherin Schenk argues that the growth actually began in the 1950s (Carroll 2002).

Hong Kong’s rapid economic growth contributed to its strong sense of local identity. From 1968-73, Hong Kong’s GDP grew by 117%. This increased wealth allowed the arts and entertainment industry to flourish. Local authorities became concerned about “spiritual pollution” when Hong Kong songs, films and television programs became popular in Guangdong (Carroll 2002, 168). However, when China reassumed control of Hong Kong in 1997, the city was viewed more as a part of China and not as a “source of spiritual pollution” (Carroll 2007, 179). The “hybrid” influence of East and West in Hong Kong was a characteristic in which locals prided themselves, such as the “traditional Chinese emphasis on family and education and the modern Western values of economic freedom and rule of law” (Carroll 2002, 169). This
combination of influences led Hong Kong “to become more cosmopolitan rather than just Chinese or British” (Carroll 2002, 169). The establishment of the Hong Kong Polytechnic and Chinese University also led to more Hong Kong people receiving higher education. American popular culture was introduced in the 1950s, but grew in influence in the 1960s and 1970s when military personnel passed through during the Vietnam War (Carroll 2002).

Hong Kong and Guangdong’s economic relationship grew closer since the late 1970s, with Guangdong providing cheap labor and land and Hong Kong supplying the capital, knowledge, and established global trade networks (Carroll 2002). Hong Kong businessmen invested large amounts and setup factories in Guangdong. More than three million mainlanders were employed by Hong Kong companies in Guangdong by the late 1980s. The economic reforms in China led to Hong Kong’s evolution from a manufacturing center of light industrial goods to a foremost financial and service hub. Less than 10% of Hong Kong’s GDP consisted of manufacturing and over 90% of its factories were based in China, by the mid-1990s. The increased emphasis on educational qualifications also contributed to widening income inequality in Hong Kong. China’s entry into the WTO also reduced Hong Kong’s uniqueness as China’s “doorway” (Carroll 2007, 218).

Political Development

Former expatriate colonial officials expressed frustration at the direction that Hong Kong has headed down since 1997. Patrick Hase began serving the Hong Kong government in 1972 and the 1970s was a period where “the actions of Government were closer to the real wishes of the people than at any date before or since” (Carroll 2007, 221). At least under British rule, customary laws were acknowledged and honored, “whereas the Sino-British Joint Agreement and the Basic Law threaten customary law and the rights and privileges of indigenous residents” (Carroll 2007, 221). Even many prodemocracy leaders who campaigned under British rule note that “whereas when the British were here it was a society under the rule of law, now it is the rule
of man” (Carroll 2007, 221). Furthermore, many Hong Kong people reported to The Frontier that they “believed Governor Patten had done a better job than [Chief Executive] Tung Chee-hwa” (Carroll 2007, 221). Surveys taken in the first few years of the HKSAR reflected people’s opinion that Tung catered more to big business rather than local citizens.

Hong Kong was promised a “high degree of autonomy” for fifty years by the PRC government, under the “one country, two systems” agreement (Carroll 2007). PRC and HKSAR both understand that mismanagement of Hong Kong would yield devastating local and international effects. However, many Hong Kong people think that the PRC has already interfered too often in HKSAR’s politics. Hong Kong’s legal and political autonomy remains a primary concern (Carroll 2007).

Freedom of expression and the press are also concerns. As of 2007, Hong Kong still retained considerably wide freedom of expression. The Basic Law protects freedom of the press, however in the years leading up to 1997, the PRC government demonstrated that it had other interpretations of what freedom. It seems that Hong Kong is being governed by self-censorship, rather than direct government involvement. Despite this, Hong Kong still enjoys greater freedom of the press than other countries in Asia, and markedly more than the mainland. How long press freedom will be permitted remains to be seen (Carroll 2007).

Meanwhile, the continuance of “seditious and subversive activities” meetings in Hong Kong remains a delicate issue for the PRC and HKSAR governments. Beijing stated that Hong Kong cannot become a safe haven for organizations that are opposed to the Chinese government. One of the groups that is closely monitored, is the Falun Gong (Practice of the Wheel of Law), a quasi-religious organization that is banned in the mainland as an “evil cult” but is legal in Hong Kong. During Tung’s second term, by Beijing orders, he attempted to introduce an anti-sedition and anti-subversion bill which “gives the HKSAR government the right to ‘prohibit any act of treason, secession, sedition, subversion against the Central People’s Government’ and to prohibit
local political organizations from having any contact with foreign political organizations” (Carroll 2007, 226). There were mass protests against the security bill causing Tung to agree to withdraw the provision allowing the HKSAR to prohibit organizations banned by the mainland, he adhered to the rest of the security legislation. He only agreed to defer the vote when there were widespread demands for his resignation by his critics. After meeting with Wen Jiabao, new president and CCP general secretary Hu Jintao, and Vice President Zeng Qinghong in the capital, Tung returned to Hong Kong in August with the message that a revised version would be presented to the public for their input. Nevertheless, criticisms against him continued and he finally withdrew the bill in early September.

Even though the central government agreed to grant Hong Kong a “high degree of autonomy” moves to halt the growth of democracy have already taken place. In late 2003 and early 2004, President Hu Jintao and the Standing Committee of the NPC ruled that Tung could not proceed with electoral reforms or introduce any modifications to election processes without prior approval from the Standing Committee. Local parties criticized the ruling as counter to the one country, two systems model, however, the Standing Committee upheld that direct elections for the chief executive or the Legislative Council breached the Basic Law. This proclamation eliminated the chance for popular elections for chief executive in 2007 and widened elections for the legislature in 2008. On the seventh anniversary of Hong Kong’s return, hundreds of thousands of people protested against the central government’s decision to prevent general elections.

Widespread disapproval with the HKSAR government’s handling of negotiations with the central government was at an all-time high in 2004, as found by a survey. However, it is unclear how strong the public’s demand is for political reform. This is evident in the low percentage of voter turnout (less than 55%) in the first and second post-handover elections for the Legislative Council in 1998 and 2000. The support for universal suffrage in the 2007 and 2008 elections also declined significantly as shown by a 2004 opinion poll.
The colonial government is also responsible for Hong Kong’s lag in democratic practices. The British only introduced political reforms very lately in the 1990s, not providing enough time for Hong Kong to adjust to them first. Anna Wu, a Hong Kong lawyer argues that the 25th Governor of Hong Kong (1971-1982) Murray MacLahose’s unwillingness to introduce Legislative Council elections in 1992, prevented Hong Kong from a “much more stable and more mature alternative” to colonial administration and introduce politics “as a part of [Hong Kong people’s] lives and culture, not a new concept” (Carroll 2007, 230). Ming Chan argues:

The inadequate foundation, unhealthy political culture, flawed legal-administrative framework and questionable bureaucratic practices inherited from the British—together with the inability of the Hong Kong people to stand firmly to defend their much cherished freedom, democracy, and high degree of autonomy because of their colonial derivation—ought to be blamed as well. (Carroll 2007, 230)

The British colonial administration placed British officials in top levels of government and treated the locals with mistrust, barring them from holding any influential positions of power.

The issue of political activism in Hong Kong is complex, as activists are often told by other Chinese community members to “quiet down” because “conditions in Hong Kong were already much better than in China,” and that further agitation could endanger the freedoms they already have (Carroll 2007, 231). Beijing actually wants to keep the governmental structure, particularly the functional constituency model that was left in place when the British left because those legislators regularly oppose initiatives for democratic reforms, civil liberties or political accountability. The Basic Law functions as Hong Kong’s constitution and was circulated by Beijing to be effective from 1997 to 2047, “during which the ‘capitalist system and way of life’ would ‘remain unchanged’ and the ‘socialist system and policies’ would not be practiced (Article 5)” (Pepper 2009).

Key Leaders

Deng took a personal interest and leadership role in recovering Hong Kong for China.
He encouraged mainland companies to invest in Hong Kong and “the fact that the PRC had tolerated Hong Kong’s colonial status for so long meant that it would inherit a much richer prize” upon Hong Kong’s return to China (Carroll 2007, 179).

Chris Patten was sent to Hong Kong in 1992 as the last British governor before the handover back to China and was hence nicknamed “the last imperialist” (Carroll 2007, 198). He implemented a wide range of political reforms for 1994-95 to include “expanding the electoral base of functional constituencies and strengthen representation in the Legislative Council” (Carroll 2007, 198). Many scholars interpret the appointment and actions of Patten were meant to facilitate an “honorable British withdrawal from Hong Kong” (Carroll 2007, 199). Although these reforms were a welcome change from the previous colonial administrations, Patten’s policies were not “as radical as they seemed because less than one-third of the Legislative Council would be directly elected” (Carroll 2007, 199). Nevertheless, his policy reforms were well received by common people in Hong Kong. However China was displeased with his reform policies, which he had not consulted prior with the Chinese government. Subsequently the Chinese did not accept all of Patten’s proposals, but negotiated with him, allowing some and denying others. For example, the Chinese government conceded to lower the voting age but overruled to maintain their right to appoint members to the Municipal Councils and District Boards. In addition, the Chinese government wanted to preserve corporate voting, which represented business and financial interests in the Legislative Council (Carroll 2007, 199). Therefore, they were more willing to allow changes at the lower levels of government and hold off on changes in the higher levels. The irreconcilable divisions between Patten and the Chinese government was evident in the seventeen rounds of negotiations and the impasse that resulted. The British presented a revised version of Patten’s proposals to the Chinese government, with only a few days’ notice. The Chinese government in response, declared that all of Patten’s reforms would be replaced after the 1997 handover. The Chinese also “preemptively formed” the Preliminary Working
Committee which included leaders who were all opposed to Patten’s reforms. The Working Committee was responsible for selecting HKSAR Preparatory Committee members to manage the handover (Carroll 2007). When the Legislative Council voted in favor of Patten’s reforms, he “unilaterally” went forth with his proposals. The central government then reacted by stating that the last Legislative Council that was elected “would be dissolved after the 1997 transition” (Carroll 2007, 200). This dispute prevented a group of leaders from overseeing the entire transition process from pre- to post-handover. Patten was caught in a tough position, because he wanted to help the British have an honorable withdrawal and help introduce democracy to Hong Kong, while trying to maintain good relations with the PRC. However Patten’s actions caused the PRC to mistrust him and become more reluctant about granting democratic reforms to Hong Kong than it was prior to Tiananmen. The central government was concerned that democratic development in Hong Kong would seep into the mainland before the the government was ready. When London and Beijing began to work directly over the handover, Patten’s intermediary role diminished. Still his reforms had helped Hong Kong’s pro-democracy movement because Democrats held almost half of the seats in the Legislative Council after 1995. The elections initiated by Patten also allowed Hong Kong people to express themselves through voting. In addition, Patten’s initiatives greatly expanded political participation through legitimate paths so significantly that “voting had become a socially acceptable behavior” (Carroll 2007, 201).

However, on the other side, Patten’s actions also caused the PRC to respond by appointing pro-Beijing businesspeople to the Preliminary Working Committee (Carroll 2007).

In 1996, Tung Chee-hwa was appointed as chief executive by Premier Li Peng. His appointment did not involve direct election by the people, only input from the major political parties and interest groups, and widely broadcast and viewed interviews with the Selection Committee (Carroll 2007). Tung was a pro-Beijing leader who had been educated in Shanghai, Hong Kong and Britain, as well as worked in the U.S. He tried to appease both the Hong Kong
people and the PRC by retaining two members from Patten’s Executive Council, however, neither member was from the Democratic Party. Tung also supported PRC calls for limiting political expression in Hong Kong, stressed social order when discussing civil liberties, and publicized his views that protests eroded a stable society (Carroll 2007). A colonial legacy, Hong Kong has suffered from the “failure to produce political leadership” (Carroll 2007, 232). In 2001, the popular chief secretary, Anson Chan, resigned due to long-term disagreements with Tung about the snails’ pace of democratic development and restriction of press freedoms. Tung then resigned before his term ended, which reflected the PRC’s disapproval of his performance. His main supporter, President Jiang Zemin had left the central government and was succeeded by Hu Jintao. Hu, dealing with Hong Kong businessmen who were frustrated with Tung’s policies, pressured Tung to resign. Tung was able to select his successor, former chief secretary Donald Tsang (Carroll 2007).

In June 2005, Donald Tsang succeeded Tung as chief executive and then was re-elected in a 2007 undisputed election. Tung was also supported by Hong Kong businessmen who opposed democratic reforms. Both PRC leaders and business executives worried that democratic reforms would lead to higher taxes and greater demands for government spending on social services. To the concern of many prodemocracy groups in Hong Kong, Tsang publicly stated that democratization in Hong Kong should be a “gradual process that happens with the approval of Beijing” (Carroll 2007, 234). In December 2005, former chief secretary Anson Chan participated in a large pro-democracy march (Carroll 2007).

Current Political Situation

Hong Kong certainly enjoys more political freedoms than the mainland, but limited democratic progress has been made since Hong Kong’s return to China. While Hong Kong has a more open press, an independent judiciary system and adherence to rule of law, citizens still have a restricted voice in the government and the power of the legislature is nominal (DOSa, Jacobs...
The Basic Law allowed for direct elections for Chief Executive and Legislative Council as early as 2007, but this act has been stalled. In 2004, the Standing Committee of the National People's Congress (SCNPC) in Beijing stated “that universal suffrage for electing the CE and entire LegCo is the ultimate aim, but will be based on the ‘actual situation’ and ‘the principle of gradual and orderly progress’ (NDI). In 2007, the HKSAR issued a statement promising universal suffrage by the next elections in 2012, but Beijing demanded it be delayed until 2017 (Bradsher 2010). Specifically the PRC delayed direct elections for Chief Executive to 2017, and the Legislative Council to 2020. In January of this year, 9,000 protested on the streets, saying that the pace towards democracy is too slow (AP). Currently, only half of the Legislative Council is directly elected; the other half is elected by functional constituencies, which are composed of business and professional interest groups (Bradsher 2010, NDI). The general public also has not say in electing the Chief Executive, who is elected by an 800-member Election Committee, composed of members of the functional constituencies (Bradsher 2010, NDI). In January of this year, five pro-democracy legislators submitted their resignations, in hopes that it would prompt a referendum, however, a Hong Kong delegate and former executive councilor said that any referendum would violate the “one country, two systems” laid out in the Chinese constitution and the Basic Law (SCMPa). During a March 2010 meeting with Hong Kong delegates, Vice President Xi Jinping focused more on encouraging economic cooperation between Hong Kong and Guangdong and avoided mentioning any political exchange between the two regions (SCMPa). The pro-democracy groups have also been weakened by their internal splits (Bradsher 2010). The media has been self-censoring, the number of Westerners has declined as the number of mainlanders has increased to almost half of postgraduates studying in Hong Kong, and business executives with sites in the mainland advocate closer economic ties with the mainland, and less focus on political demonstrations that would disrupt business (Jacobs 2009).
Chapter 3

Guangdong

Historical Development

Guangdong province has long been viewed with suspicion by the central government throughout Chinese history. It was always regarded “as somewhat different, often marginal to the interests of the Chinese state, and typically troublesome, complex and unruly” (Johnson 2003, 327). This suspicion arose from the province’s historical openness since imperial rule. The 1911 Republican Revolution which overthrew the last imperial dynasty had its roots in the Pearl River Delta and was led by Sun Yat-sen (Johnson 2003, Lai 2006). As a distant southern province, Guangdong enjoyed a significant amount of autonomy until Japanese occupation. The north and south had different experiences during the Japanese occupation—communists were more able to establish roots in the north than in the south, as exemplified by the absence of a de facto communist state in the south compared to its presence in the north (Johnson 2003). When the Communists assumed control of China in 1949, the province was suspiciously regarded as the former Nationalist birthplace and support base, a major source of Chinese problems in the twentieth century, and “threat to the ideological character of the new China” (Johnson 2003, 327). The province’s close proximity to colonial and capitalist Hong Kong also caused the central government to maintain tighter control by appointing leaders from outside of the province. Hence, the Communist government pushed Guangdong back into a marginal position and halted its commercial growth, reverting it back to an agricultural economy under strict central control (Johnson 2003).
Guangdong has almost a thousand years of foreign contact and trade which lead its people to be entrepreneurial, outward-looking and more receptive to cooperation with foreign businesses (Yeung 1998, Li and Yang 2002). Even in ancient China, Guangzhou, the provincial capital, was a “world-renowned oriental seaport,” the world’s longest shipping route originated from the city, and trade routes were established with Latin America, North America, Oceania and Portugal (Li and Yang 2002). Guangzhou was also the only port open for external trade for 100 yrs prior to the Opium War (1839-1842) and many of its merchants traveled abroad (Yeung 1998). In the Qing Dynasty, Guangdong led the nation in international trade and manufacturing. People of Guangdong are entrepreneurial and more receptive to cooperation with foreign businesses (Lai 2006). Since the reform policies of 1978, many of Guangdong’s leaders have been “quite liberal minded, and rather forward- and outward looking in their attitudes toward local development and utilizing foreign capital” (Vogel 1989). Guangdong leaders were among the first provincial leaders to request opening up policies (Lai 2006).

**Overseas Chinese**

Guangdong’s economic success is greatly attributed to the financial, entrepreneurial and managerial support of its large overseas population as well as Hong Kong émigrés. Beginning since 17th century Guangdong people began migrating overseas, due to the decline in Manchu power and diminishing man-land proportion (Yeung 1998). A disproportionate number of China’s out-migration came from the south and southeast provinces of Guangdong and Fujian (Johnson 2003). The province has a long history of its people immigrating overseas since the late Tang and Song dynasties (Yeung 1997, Li and Yang 2002). Guangdong people could easily embark on one of the
many established shipping routes from the nearby treaty ports and Hong Kong which lead to poles of labor demand (Johnson 2003). Important to note are the strong links that Guangdong emigrants maintain to their home province. In the mid-1980s, returned overseas Chinese totaled approximately 10 million RMB (Johnson 2003, Yeung 1997). Many of these immigrants served as laborers abroad and upon their return, established factories in their home province and became “forefathers of modern industry in Guangdong” (Li and Yang 2002). As of 2002, Guangdong had about 2 million returned overseas Chinese (Li and Yang 2002). This large overseas Chinese population as well as the Hong Kong émigrés have been critical to the transfer of technology, investment capital and information back to Guangdong (Yeung 1997, Li and Yang 2002).

Central-provincial relationship between Guangdong and Beijing

Although Beijing has granted Guangdong many economic privileges, it has been more cautious in loosening its political reins on the province. From 1949-1978, under Chairman Mao Zedong’s direction Beijing maintained strict political control over the province (Cheung 1998, 24). As demands for greater localized power and opposition to central policies grew, Beijing tightened its control by replacing local provincial leaders with cadres from outside the province (Cheung 1998, 24). Since 1949, Beijing appointed only those provincial leaders that were most trusted by the capital (Cheung 1998, 25). Then Deng Xiaoping rose to power in 1978 and began to open up China’s economy to the rest of the world, deliberately choosing Guangdong as his site for experimental reform.

Politically, throughout all the provinces, China ruled with a uniform structure and Guangdong had not been granted any special political privileges until 1998, when the entire nation was moving in the direction towards reform (Cheung 1998, 27). Guangdong
had more room to appoint sub-provincial positions, but the central government still appointed provincial leaders. Pre- and post-1978 the central government used its personnel appointment power to ensure that its policies would be implemented. In the pre-reform era, all Guangdong party secretary and governor appointments except two were Cantonese. When Deng Xiaoping assumed power in late 1978, no Guangdong natives were appointed to these high positions until 1985 (Cheung 1998, 27). Provincial appointments by Deng proved critical to furthering his economic reform agenda (Cheung 1998, 28). The special relationship between the central government and Guangdong since 1979 was due in large part to the support of market-oriented reformers in the central government (Cheung 1998, 28). Comparatively, economic reform happened much faster in Guangdong.

The decentralization of economic powers occurred gradually over time, beginning in the 1980s with Deng’s ascent to power. The economic relationship was marked by “mutual adjustments, bargaining and compromises” (Cheung 1998, 29). A revenue-sharing agreement was established in 1979 where Guangdong sent a fixed amount back to Beijing each year for five years, but Guangdong was able to retain a large amount of the revenue it earned (Li and Yang 2002). After three decades of tight centralized rule under Mao, Guangdong leaders and people were eager to improve their standard of living and develop their economy faster. The regional sentiment was captured in the words of Provincial party secretary, Xi Zhongxun “that Guangdong would develop much faster if it were an independent nation” (Cheung 1998, 30). Even though special policies defined the parameters of Guangdong’s powers, the central government and province continued to negotiate with each other. For example, Guangdong would liberally interpret central
policies, and in reciprocation the central government would demand concessions, such as the request of additional revenue.

The new central-provincial relationship since 1979 was based off of the principle of preferential treatment. New phase of central-provincial relations since 1979 coincided with open policy initiative, which allowed province to benefit from overseas trade and garner more clout with the central government by attracting greater foreign investment. Guangdong was granted greater autonomy in managing its own economy and decision-making power over investments. “These reforms included liberalization of production planning, technical policy, capital construction, supplies of materials, foreign trade, commodity distribution, wage levels, cultural activities, healthcare and tourism” (Li and Yang 2002, 216-16). In the late 1970s, Shanghai and Jiangsu unsuccessfully tried to obtain similar privileges. In the 1980s, coastal regions, particularly Guangdong and Fujian were granted policies that were denied to other provinces. As other provinces demanded similar privileges as Guangdong, the central government had to be more careful about its preferential treatment because it threatened central government power as well as increased Guangdong’s competition with other provinces by early 1990s (Cheung 1998, 29).

During the period 1980-1983, due to increase in smuggling activities, Guangdong was pressured by centrally-directed retrenchment policies. But provincial leaders defended economic reform policies and continued to encourage local leaders to pursue liberalization policies (Lai 2006). Ren Zhongyi, Guangdong Party Secretary, publicly defended the SEZs and implored local leaders “to play a dualist strategy: steadfastly implementing what the center demanded in order to avoid macroeconomic imbalances,”
while pursuing economic reforms (Lai 2006, 132). In 1989 with the Tiananmen Incident, central-provincial relations tightened again (Cheung 1998, 29). Reform-oriented central leaders were replaced by more central-planning oriented leaders. The policy of economic retrenchment was pursued since 1988. Since 1989, personnel appointment and economic policy became two major issues in central-Guangdong relations. In response to retrenchment, Guangdong leaders publicly defended its reform policies in articles and also published their criticisms in newspapers. There was strong Guangdong leadership at the time: local cadres were either GD natives or veteran cadres who favored market-reform (Cheung 1998).

Post-Tiananmen Incident in 1989 instigated a central government conservative-led crackdown on economic reforms. Guangdong was subject to the retrenchment policies and to slowdown its growth. Deng Xiaopeng’s 1992 “Southern Tour” where he praised Guangdong’s accomplishments and hailed it as a model for the rest of the nation, helped persuade the National People’s Congress to restore Guangdong’s economic privileges (Li and Yang 2002). The central government’s inability to change the composition of GD leadership shows the greater boldness of provinces which used their wealth to obtain their objectives (Cheung 1998, 48).

**Central Leadership Representation and Support**

Deng Xiaopeng’s historic southern China tour in 1992 helped revive Guangdong’s economy (Yeung 1998). Much of Guangdong’s economic success is due to Deng Xiaoping’s strong support and advocacy. Deng is largely recognized as responsible for opening up China to development and modernization (Yeung 1998). Dissatisfied with stagnation in reform and faced with the demise of communism in
Eastern Europe and Soviet Union in 1989-90, Deng toured south China from late Jan.-Feb. 1992 to reinvigorate reform. He particularly encouraged local leaders in Guangdong and Shenzhen to “step up reform” (Cheung 1998, 48). In mid-October of that year during the 14th National Party Congress, a key event in the Guangdong-central relationship occurred. For the first time since 1949, Guangdong’s incumbent party leader entered Politburo and seven of its party and state officials were elected to new Central Committee, which led to greater direct access to central government (Cheung 1998, 50). Party leaders from Beijing, Shanghai, Tianjin and Shandong added to Politburo and increased representation from coastal provinces in Central Committee reflected the growing political influence of wealthy coastal provinces in domestic politics.

General Secretary Jiang Zemin also issued a report which reiterated Deng’s words in 1992, that Guangdong and Shanghai are significant to China’s economy (Cheung 1998, 50). In 1999, Jiang called upon Guangdong to lead other provinces in modernization, and “map out new trails for the country as a whole” (Cheung 2002, 147). Rising to this challenge, “the provincial government decided to promote its SEZs and PRD in a comprehensive development plan for the decade to 2010” (Cheung 2002, 147).

At the dawn of the 21st century, Guangdong’s rapid economic growth of during the first two decades of reform slowed down and entered a period of consolidation. Consumer products that used to only be made in Guangdong, were now produced in other provinces. Other provinces began competing with Guangdong for foreign investments. For example, Hong Kong started investing in Shanghai, Beijing and other cheaper regions in the west. The province also needs to establish a more trustworthy legal and regulatory system to maintain economic, social and political stability (Cheung 2002).
Economic Development

The beginning of Guangdong’s economic transformation started in 1978, when Deng Xiaoping and his like-minded reformers rose to power and implemented reform policies (Johnson 2003). Guangdong, having begun in light industry, benefitted greater from pro-reform policies, than heavy industry provinces. “As the state’s cap on personal consumption lifted, demands for consumer goods and hence light industrial goods would expand” (Lai 2006, 156). As a result, light industry would enlarge and reap more profit (Lai 2006). In 1976, Beijing issued a set of economic powers, “special policies, flexible measures” to Guangdong and Fujian, which increased the provinces’ power over economic management (Cheung 1998, 26). Economically, Guangdong has been granted special privileges from the central government. The primary factor which allowed Guangdong to develop rapidly was the decision made at the Third Plenum of the Party’s Eleventh Central Committee in Dec. 1978 to grant Guangdong, through three Special Economic Zones, Zhuhai, GZ, Shantou, “special policies and flexible measures” (Yeung 1997, 7). The decentralization of economic powers occurred gradually over time, beginning in the 1980s with Deng’s ascent to power. The reform package consisted of “new organizational forms of production, experimentation and an openness to foreign investment and trade” (Johnson 2003, 328). Deng encouraged local leadership to experiment and introduce innovative policies as well as included Hong Kong entrepreneurs in Guangdong’s development process.
Table 2: Leading Economic Indicators of Guangdong and Selected Asian Neighbours, 2000

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (US$b)</th>
<th>Real GDP growth (%)</th>
<th>Per capita GDP (US$’000)</th>
<th>Population (million)</th>
<th>Exports (US$b)</th>
<th>Imports (US$b)</th>
<th>Trade balance (US$b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Korea</td>
<td>457</td>
<td>8.8</td>
<td>9.7</td>
<td>48</td>
<td>176</td>
<td>159</td>
<td>17</td>
</tr>
<tr>
<td>Taiwan</td>
<td>310</td>
<td>6.0</td>
<td>13.9</td>
<td>23</td>
<td>148</td>
<td>134</td>
<td>14</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>163</td>
<td>10.5</td>
<td>24.1</td>
<td>7</td>
<td>203</td>
<td>211</td>
<td>-8</td>
</tr>
<tr>
<td>Indonesia</td>
<td>158</td>
<td>4.8</td>
<td>0.7</td>
<td>216</td>
<td>64</td>
<td>38</td>
<td>26</td>
</tr>
<tr>
<td>Thailand</td>
<td>119</td>
<td>4.3</td>
<td>1.9</td>
<td>63</td>
<td>66</td>
<td>53</td>
<td>13</td>
</tr>
<tr>
<td>Guangdong</td>
<td>115(6*)</td>
<td>10.5(1*)</td>
<td>1.6(7*)</td>
<td>75(4*)</td>
<td>92(6*)</td>
<td>78(6*)</td>
<td>14(4*)</td>
</tr>
<tr>
<td>Malaysia</td>
<td>88</td>
<td>8.5</td>
<td>3.8</td>
<td>24</td>
<td>98</td>
<td>80</td>
<td>19</td>
</tr>
<tr>
<td>Singapore</td>
<td>94</td>
<td>9.9</td>
<td>23.5</td>
<td>4</td>
<td>139</td>
<td>128</td>
<td>11</td>
</tr>
<tr>
<td>Philippines</td>
<td>75</td>
<td>3.9</td>
<td>1.0</td>
<td>80</td>
<td>38</td>
<td>31</td>
<td>7</td>
</tr>
<tr>
<td>Vietnam</td>
<td>31</td>
<td>6.7</td>
<td>0.4</td>
<td>79</td>
<td>14</td>
<td>15</td>
<td>-1</td>
</tr>
</tbody>
</table>

Note: * Ranking
Source: EIU Business Asia and Guangdong Statistical Bureau; the table is from Tom Mitchell, "The Guangdong Success Story," South China Morning Post, 1 October 2001, p. 8.

Johnson argues that “Guangdong had never done well under the tight control of a central authority and performed best when allowed a degree of autonomy” (Johnson 2003, 328). The economic relationship was marked by “mutual adjustments, bargaining and compromises” (Cheung 1998, 29). After three decades of tight centralized rule under Mao, Guangdong leaders and people were eager to improve their standard of living and develop their economy faster. The regional sentiment was captured in the words of Provincial party secretary, Xi Zhongxun “that Guangdong would develop much faster if it were an independent nation” (Cheung 1998, 30). Even though special policies defined the parameters of Guangdong’s powers, the central government and province continued to negotiate with each other. For example, Guangdong would liberally interpret central
policies, and in reciprocation the central government would demand concessions, such as
the request of additional revenue (Cheung 1998). Nevertheless, Guangdong was still
permitted to keep most of its local revenue income, as evidenced by its remittance rate of
22% in 1980, to 12% in 1988. This stands in stark contrast to Shanghai, which started
with a remittance rate of 91% in 1980 and remained quite high between 74-90% during
the 1982-86 period. However as Guangdong became the largest provincial economy, its
remittance requirement was increased to 51% in 1994 (Lai 2006). During the Asian
financial crisis of 1997, Guangdong suffered proportionally more than other provinces,
due to its heavy dependence on exports (Cheng 2003). However, Guangdong’s “boldness,
steadfastness, and pragmatic leadership” allowed it to rise from having the sixth highest
GDP in China in 1980, to the first by 1995, responsible for 6.1% of local revenue income,
9.4% of GDP, 33.3% of imports and exports, 25% of the nation’s foreign capital (SSB
1996: 1-216). “Guangdong’s meteoric rise” inspired other provinces to emulate their
success (Lai 2006, 140).
One of the special privileges granted to Guangdong was the fixed-quota
remittance agreement (Lai 2006, 19). In this contract, Guangdong agreed to send a
certain percentage of its revenue back to Beijing in return for its increased economic
autonomy (Cheung 1997).

**Special Economic Zones**

In July 1979, the Central Committee of the Chinese Communist Party (CCCP)
and the State Council granted Guangdong’s request to establish Special Economic Zones
(SEZs) in Shantou, Zhuhai and Shenzhen. SEZs were created to attract foreign direct
investment and “as doorways through which two-way traffic could pass between China
and the outside world” (Li and Yang 2002). Since their creation, the SEZs have contributed largely to Guangdong’s economic success. The SEZ sites were chosen for the proximity to advanced economies and were all coastal cities. Shenzhen (327.6 sq. km) is next to Hong Kong, Zhuhai (121 sq. km) is linked to Macau via land, Xiamen is near Taiwan and offshore islands managed by Republic of China in Taiwan, and Shantou (52.6 square kilometers and 300 km. east of Hong Kong on Guangdong’s coast) is situated between Taiwan and Hong Kong (Lai 2006, 130; Li and Yang 2002, 211). Shenzhen is considered, by far, the most important of the SEZs (Li and Yang 2002). Later in 1988, Hainan became a separate province and an SEZ. SEZs exclusively enjoyed the following features until 1984:

1. Exclusive hosting of joint venture and foreign-owned enterprises
2. Market-regulated prices and distribution of goods instead of state-regulation
3. Broader jurisdiction in approving investment projects
4. Foreign-owned enterprises enjoyed tax holidays and preferential treatment in imports and exports, obtaining raw materials, and using land (Lai 2006, 47)

Besides economic experimentation, SEZs also served as labs for testing new management methods (Li and Yang 2002). In May 1983, fourteen cities, which included Guangzhou and Shanghai were granted “open city” status by the Central Secretariat of the Party and the State Council. These cities enjoyed these preferential policies:

1. Self-approval of investment projects
2. Foreign investment in technology—or knowledge-intensive, or energy and communications projects was eligible for 15% corporate income tax and inputs were exempt from export/import tariffs
3. Open cities could designate certain areas as economic and technological development zones where SEZ policies could be implemented (Lai 2006, 47-48)

Special Economic Zones and open cities have been critical to the economic development of China.
WTO Membership

With World Trade Organization (WTO) membership local governments across China expected that government transparency would increase and make their economic approval procedures more efficient. Niu Wenyuan of the Chinese Academy of Sciences believed that Guangdong would benefit the greatest out of all the provinces from China’s WTO membership. He predicted that Guangdong will achieve “modernization” by 2016, five years ahead of schedule. “In his report Strategies on China’s Sustained Development, he defines ‘modernization’ as a level of economic development, social progress, living standard and sustainable development similar to that of a ‘medium-level developed country’” (Cheng 2003, 1). WTO membership meant increased foreign trade and greater economic development. China’s entry into the WTO in 2000 meant increased global competition for Guangdong, not only from other countries, but also from other domestic coastal regions, like Shanghai (Cheng 2003). But Guangdong seemed ready to embrace the challenge when Guangdong governor Lu Ruihua, told the Hong Kong media, that the province’s economy of US $127.5 billion, exceeded that of Singapore, South Africa or Greece (Cheng 2003).

Around the same time as WTO entrance, Guangdong was already facing stiff competition from Shanghai in the Yangtze River Delta region. To keep up with the momentum, Guangdong needed to learn from Shanghai’s success and incorporate the methods as applicable (Cheng 2003). The Guangdong Academy of Social Sciences published a report stressing the need for greater economic integration with Hong Kong, Macau, and Taiwan. The province’s “future domestic and international competitiveness will depend, to a large extent, on the comprehensive economic strength of the urban
centers in the Pearl River Delta region, a rational division of labor in the industrial structure, and the extent of economic integration with the aforementioned regions” (Cheng 2003, 16). There have also been discussions of creating a possible free trade area between Guangdong, Macau, and Hong Kong (Cheng 2003).

Political Reform

In addition to being an economic pioneer, Guangdong has also led in government reform, increased administrative efficiency as well as local autonomy (Li and Yang 2002). Guangdong and Shenzhen leaders have introduced not only economic reforms, but political ones as well, as exemplified by direct elections of the town leader in Dapang Town in Shenzhen in late 1998 and early 1999. However careful not to deviate too far from the Party line, Guangdong’s leadership decided to discontinue the Dapang project (Cheng 2003). Concerning village elections in Guangzhou, some new initiatives have been made. In 2002, the Guangdong provincial Party committee and provincial government passed regulations to allow villagers to nominate candidates by secret ballot before an election. This is a departure from the former method where most candidates were nominated by the township or district Party committee. Villagers have also been granted the permission to nominate candidates for the village Party branch which runs adjacent to the village committee. Village self-government was proposed by the Constitution in 1982, a preliminary version of the “Organic Law of Village Committees” was passed by the National People’s Congress in 1987 and a final version was made official in 1998. This is notable because “direct elections for the village head and village committee are comparable to voting for the villagers’ fund managers; hence grassroots democracy has a special significance” (Cheng 2003, 30).
However in early January 2002, thousands of villagers protested against committee corruption and Guangdong authorities responded by attempting to improve their transparency by announcing that policies and decisions would be publicized at all levels of local government. This announcement is significant because prior to it, publicizing decision and policies was only implemented at the county level and below in China. That same month, the Guangdong provincial Party committee supported two Party secretary nominations by secret ballot in an unprecedented move. That pioneering decision soon became official practice and was extended to the prefectural Party committee and county Party committee levels when selecting appointments for subordinate Party secretaries (Cheng 2003). This new practice of requiring the endorsement of over half of the Party committee members before the standing committee made their decisions “has been considered an important means to expand democracy within the Party, and to prevent the use of bribery to obtain appointments” (Cheng 2003, 21). According to Cheng, “both breakthroughs show that the Chinese leadership intends to use Guangdong as a testing ground to gather experiences in democratic reforms for promotion throughout the rest of the country” (Cheng 2003, 21). To counter corruption, the provincial Party committee required lead county level cadres to follow an “avoidance system” which means that they cannot hold positions in their nation counties and take advantage of personal local connections (guanxi). County and department level cadres are also required to listen to the views of various social groups and their thoughts on solutions by spending ten days every year living with an ordinary family and spend more than three months a year on research work at the grassroots level (Cheng 2003).
Structural reorganization begun in 2001 with the provincial government and Guangzhou city government decreasing the size of their bureaucracy by more than 30%. However the old cadres were largely unaffected and combined with the greater number of retired cadres, their influence increased. The lowering of the retirement age also helped decrease the number of cadres.

Key Leaders

Guangdong province benefitted from more liberal-minded local leaders as well as supporters in the central government. Most importantly, Deng Xiaoping’s strong support of Guangdong province was critical to its role as economic pioneer.

Guangdong leaders assumed a more pro-active role in advocating economic reform beginning in early 1979. The status of provincial leaders affected how loudly their requests were heard or taken seriously in the central government (Lai 2006). Deng adeptly sent reform-minded Xi Zhongxun and Yang Shangkun to Guangdong during the first two years of his Open Policy. Xi was First Party Secretary of Guangdong, and Yang Shangkun, Second Party Secretary. Both were veteran Party officials who lead the province from the beginning of the reform era in 1978. Xi had overseen a major Red Army base during the Second World War and served Guangdong from 1978-1980 (Lai 2006, 125). Yang held the position of Director of Office of the CCCC for several years since 1948. During their terms, Xi was an “outspoken reformist leader” who pushed for economic reforms and against Mao’s radical policies of the 1970s; Yang was a “moderate reformist” (Lai 2006, 125). Both Xi and Yang pursued economic liberalization and upon their return to central government, continued to support Guangdong’s reform proposals and decentralization policies (Lai 2006).
Table 3 Guangdong Leaders' Regional Backgrounds

Table 5.1 Leaders in Guangdong: Regional backgrounds

<table>
<thead>
<tr>
<th>Name</th>
<th>Position in Guangdong between 1978 and 1980 (year-month or year-year in parentheses)</th>
<th>Policy stance toward Guangdong</th>
<th>Previous personal or career links with Guangdong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xi Zhongxun</td>
<td>Party Secretary (1978.12-1980.11)</td>
<td>Rehabilitated purged cadres; proposed the opening and reforms</td>
<td></td>
</tr>
<tr>
<td>Yang Shangkun</td>
<td>Second Provincial Party Secretary (1978.12-1979.3); First Party Secretary of Guangzhou (1979.4-1981.6)</td>
<td>Supported reforms and the opening</td>
<td></td>
</tr>
<tr>
<td>Liu Tianfu</td>
<td>(Deputy) Party Secretary and Vice Governor (1978.12-1981.3); Governor (1981.3-1983.4)</td>
<td>Supported economic reforms and the opening</td>
<td>Party leader and guerrilla commissioner in western or central Guangdong (1939-1945); prefectural party leader and bureau chief in Guangdong (1949-1978)</td>
</tr>
<tr>
<td>Ren Zhongyi</td>
<td>Party Secretary (1980.11-1985.7)</td>
<td>Pushed forward reforms and the opening</td>
<td></td>
</tr>
<tr>
<td>Liang Lingguang</td>
<td>Governor (1983.5-1985.7)</td>
<td>Pushed forward reforms and the opening</td>
<td>Guangzhou First Party Secretary (1980.11-1983.5)</td>
</tr>
<tr>
<td>Lin Ruo</td>
<td>Party Secretary (1985.7-1991.1)</td>
<td>Continued reforms and the opening</td>
<td>Born in Chao'an, Guangdong. Graduated from Zhongshan University; joined the Party and the guerrilla (1945-1947); served as local leader in Guangdong (1949-1982); Deputy Guangdong Party Secretary (1983.9-1985.7)</td>
</tr>
</tbody>
</table>

Sources: Refer to data sources on leadership profiles in chapter 4.
Table 4 Central Leaders with Ties to Guangdong

<table>
<thead>
<tr>
<th>Name</th>
<th>Central position</th>
<th>Policy views toward Guangdong</th>
<th>Positions and tenure in Guangdong</th>
<th>Other links with Guangdong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ye Jianying</td>
<td>Vice Chairman of CMC, Defense Minister, Politburo Standing Committee Member (PSCM) from 1973–1986</td>
<td>Supported rehabilitation of purged leaders; supported economic development and industrial zones in Guangdong</td>
<td>Revolutionary activities in Guangdong from 1924–1927; military and government leader of Guangdong from 1949–1954</td>
<td>Birth and childhood in Mei County, Guangdong</td>
</tr>
<tr>
<td>Zhao Ziyang</td>
<td>Sichuan Party Secretary and Vice Premier in 1979; ESCM Premier from 1980–1989</td>
<td>Supported reforms in and the opening of Guangdong</td>
<td>Guangdong local leader from 1951–1955; Guangdong Party Secretary from 1955–1967 and from 1971–1975</td>
<td>Guangdong was the province where he served the longest</td>
</tr>
<tr>
<td>Xi Zhongxun</td>
<td>Politburo member from 1982–1987</td>
<td>Rehabilitated cadres purged by radical Marxis; proposed the opening of Guangdong and supported reforms</td>
<td>Guangdong Second Party Secretary and then First Party Secretary from 1978–1980; Guangdong Governor from 1979–1980</td>
<td></td>
</tr>
<tr>
<td>Yang Shangkun</td>
<td>Politburo member from 1982–1992; Secretary General or Vice Chairman of CMC from 1981–1992</td>
<td>Supported reforms in and encouraged the opening of Guangdong</td>
<td>Second Party Secretary of Guangdong and then First Party Secretary of Guangzhou from 1978–1980</td>
<td></td>
</tr>
<tr>
<td>Wei Guangqin</td>
<td>Politburo member from 1977–1982; Director of General Political Department of PLA in 1977</td>
<td>Unable or unwilling to purge radical Marxists and correct their policies between 1976 and 1978</td>
<td>First Commissar of Guangzhou Military Region from 1973–1977; Guangdong First Party Secretary from 1976–1977</td>
<td>Birth in Bao’an, Guangdong</td>
</tr>
<tr>
<td>Yuan Geng</td>
<td>Director of External Affairs Bureau, Ministry of Communications from 1975–1978; Vice Standing Board Director, CMSNs (Ministry of Communications) from 1978–1992</td>
<td>Proposed an export processing zone in Bao’an, Guangdong in January 1979; directed the first SEZ in Shenzhen District, Shenzhen, China in subsequent years</td>
<td>A Dongjiang Guerilla in Guangdong during WWII; a communist negotiator in Hong Kong in 1945 and a founder of an agency that became the top Chinese political liaison in Hong Kong.</td>
<td>Birth in Doushi, Guangdong</td>
</tr>
<tr>
<td>Meng Sheng</td>
<td>Deputy Minister and Minister of Communications</td>
<td>Supported Yuan’s proposal to build an export processing zone in Bao’an.</td>
<td>Local guerrilla leader in Guangdong from 1938–1942; Commander of the Dongjiang Guerrillas from 1943–1946; Deputy Commander of Guangdong Military Region; Vice Governor of Guangdong; Guangzhou Mayor for years after 1949</td>
<td>Birth in Haihezi (adjacent to Shenzhoun), Guangdong</td>
</tr>
</tbody>
</table>

Sources: Refer to data sources in chapter 4.
Xi Zhongxun, first Party Secretary of Guangdong was critical to Guangdong’s progress as “he was the first to propose that Guangdong should lead other provinces in reform (Kuhn 2010, 59). He established the goal of “socialist modernization” (Kuhn 2010). When asked by the Central Committee what freedoms Guangdong requested, Xi said:

Guangdong is a province, but it’s the same size as a country, or even several countries, in other parts of the world. However, our local power is too limited and the central government’s power is too great. This is not conducive to economic development. Our request is that central government control over Guangdong be relaxed a little, and more flexibility given. It would be beneficial to the nation as well as the province. It’s highly possible that in just a few years we could make great economic progress. (Kuhn 2010, 63)

Xi recognized the cultural, geographic and historical advantages of Guangdong and capitalized upon them. As he pondered the wealth disparity between Guangdong and Hong Kong just across the border, he realized that the difference was policy. Once he realized this, he made it his lifelong effort to advocate for greater economic reforms in Guangdong. He was bold in his requests, and proposed reforming “not only the economic system, but also the whole administrative system” and voiced his opinion that Chinese provinces should be treated according to their unique characteristics (Kuhn 2010, 62). Xi’s legacy has positive indications for the future as Xi’s son, Xi Jingping, became vice president in 2007 and has prospects for the presidency in 2012 (Kuhn 2010).

Guangdong also benefitted greatly from central government leaders who had close ties with the province. Seven leaders were notable in their personal or career ties with the province. The military conquest of the province from the Nationalist army was led by Marshal Ye Jianying, a native of Guangdong. After the takeover, he assisted in
restoring rule of law in the province by creating the civilian government. Zhao Ziyang, had served over twenty years as a local leader and Party Secretary in Guangdong before becoming a Politburo member (1979-89) and Premier (1980-87). Both Guangdong natives, Yuan Geng and Zeng Sheng led Guerilla forces in Guangdong during the Second World War. Yuan Geng, despite only a mid-level cadre, served a critical function in opening up Guangdong’s economy, by being one of the first advocates for an export processing zone to be set up in Bao’an in his home province. Zeng, Yuan’s superior, also strongly supported Yuan’s idea. Then Deng sent “reserved, experienced, yet open-minded Ren Zhongyi” to pursue reforms between 1981-1985. His “moderate and consultative style” permitted him to work well with local cadres, provide momentum for local initiatives, and insulate local reforms from conservative attacks (Lai 2006, 138). Following Ren, was Ye Xuanping, a province native with a vast political network and liberal mindset. Ye’s assets allowed reforms to continue in Guangdong despite the retrenchment policies between 1985-1990. “These clever appointments helped reforms and the Open Policy to take off in the first province and become a powerful showcase of the liberal program to the rest of the nation” (Lai 2006, 139). Deng’s appointment of Guangdong reformists, such as, Ren Zhongyi, Liang Lingguang, Ye Xuanping and Lin Ruo were all critical to promoting economic development in the province (Lai 2006).

In late 1981, when Deng expressed disapproval of smuggling in Guangdong, conservatives in the central government, such as Chen Yun, Peng Zhen and Li Xiannian, seized the opportunity to restrict Guangdong’s economic development. They issued a document drawing a parallel between the dangerous extralegal territories that existed prior to 1949 and the risk of SEZs becoming similar threats. The conservatives were
appeased when Guangdong leaders sent reports that they would double efforts to curb economic crimes. However in 1983, a second wave of attacks when Peng became head of the National People’s Congress and “launched a campaign against spiritual pollution, which referred to political liberalization as well as ‘bourgeois’ lifestyles (Lai 2006, 133). Initially, Deng supported the campaign to slow political liberalization and to satisfy conservatives in the government. However, when chief conservative theoretician Deng Liqun “lamented that Shenzhen was trying to be like Hong Kong and had nothing ‘socialist except for its five-starred red flag hanging in the sky,’ reformist leaders realized they needed to intervene to defend the Open Policy before criticisms became more severe (Lai 2006, 133). Deng finally stood up and obstructed the campaign in defense of the Open Policy. Deng and fellow reformists recognized the great success of Guangdong and that provincial economic development led to greater national prosperity.

However in February 1998, when Guangdong Party secretary, Li Changchun, was sent to the province, he was criticized by and is unpopular among the local cadres for adhering to Jiang Zemin’s line too closely. Many cadres disagree with Jiang’s requirement that they study his “three represents” theory. Li had been sent “to curb the province’s autonomous tendencies and factionalism at the local levels” (Cheng 2003, 22). Despite being re-elected at the provincial Party congress in June 2002, Li received below average votes (Cheng 2003).

“What inspires confidence in Guangdong is the eagerness of the leaders at all levels of local government to excel, especially in view of the challenges associated with China’s WTO membership” (Cheng 2003, 29). Their commitment is shown by the level of inputs they invest to address problems and achieve their set goals. “Guangdong leaders
not only want to lead the country in economic reforms, they also want to lead in political reforms as well” (Cheng 2003, 29). While the first generation of reform leaders were made up of “bold and pragmatic” township and county level leaders who “worked miracles in the initial phase of the province’s opening up to the outside world”, they were not well-educated (Cheng 2003, 30). They have since been succeeded by a second generation of more formally educated leaders with a deeper global mindset. This is evidenced by the growth in the region of MBA, MPA and English language programs which often include trips abroad. However, Cheng argues that in order for Guangdong to lead in economic and political realms, it is crucial for the provincial leadership to earn back the central leadership’s confidence (2003). Guangdong was catching up with East Asia’s “four little dragons,” other coastal regions, such as the Yangtze River Delta are rising quickly as well (Cheng 2003). By 2008, Guangdong’s economy already exceeded the “little dragons” (New Zealand Herald 2009).

**Political reform not at pace of economic reform**

While individual citizens are increasing their use of formal channels to voice their concerns, since the late 1980s, Guangdong Provincial People’s Congress (GPCC) deputies have begun acting in official interest articulation as well (Cheung 2002, 144). Even though the GPCC’s influence over the provincial government is limited, the delegates’ ability to raise issues of concern on behalf of their constituencies remains an important function. Nevertheless, while the delegates criticize the provincial government, they do not dare to go as far as to criticize the Communist Party (Cheung 2002). Despite the articulation of concerns on the delegates’ part, it has not been met by corresponding government action (Cheung 2002). For instance, in 1994,
130 proposals were introduced by the delegates, but only fifteen were approved by the Congress. Basically, the GPCC was at that point, still ineffective in monitoring the provincial government and was not “accountable to any electorate through direct, open and competitive elections” (146). Regardless of the constraints of the GPCC, it has still been an important forum for public debate and shows promise for a strengthening legislature (Cheung 2002).

**Shenzhen**

Shenzhen, a Special Economic Zone in Guangdong and city of 10 million people, announced some significant initiatives in political elections. Multi-candidate elections for mayor, vice mayor, district- and bureau-level positions were announced in the “Guidelines for Government Reforms in Shenzhen of the Short-Term Future” which was posted on the municipal government website on May 2008. In addition, all candidates had to take part in public debates and present statements of purpose. The document stated that in three years, this practice would be enforced in the mayor and vice mayor elections. Wide Chinese media coverage labeled this a “political breakthrough” and that “Shenzhen will likely add to its status as China’s first special economic zone the designation of the country’s first special political zone (*zhengzhi tequ*). Wang Yang, Politburo member and Party secretary of Guangdong encouraged greater competition among candidates in the Shenzhen elections (Li 2008a).

In 2001, Shenzhen undertook administrative reforms and consolidating its departments, however, its political reforms may not be as far reaching as they may indicate (Xinhua Oct 6, 2008). Guangdong Party Secretary Wang said, “Shenzhen will continue to display its ‘special characteristics’…but it would not pursue any course to
become a ‘special political zone’” (Shi 2008). Wang went on to say that “boldness to
explore new ways would be confined to economic matters” (Shi 2008). In 2009, the
previous mayor was convicted in a corruption case. During his term he had talked about
political reform, but he never had the courage to implement ones that would undermine
his control on power and money (China Daily 2009). After his trial, the city underwent a
“major reshuffling” of leadership and streamlining of municipal government agencies to
include “more clearly defined duties” (China Daily 2009). However this was only a
restructuring effort, not necessarily a complete overhaul of the old system.

The relationship with Hong Kong has had a significant impact on the
development of Shenzhen. In May 2009, Beijing granted several of Shenzhen’s requests
for greater economic reforms, permitting it closer integration with Hong Kong. “The two
cities will be developed jointly into a mega-metropolis and a global center for finance,
trade, logistics, innovation and cultural industries” (Tam 2009). This initiative will
increased the size of Shenzhen to five-fold, from 395 sq km to 1,948 sq km. Shenzhen’s
requests also included several administrative reforms. The National Development and
Reform Commission said that “Shenzhen would continue as a testing ground for
economic and political reforms” (Tam 2009).

“Thought Emancipation”

Guangdong’s development focus is “no longer economic growth, but
political development” according to the province’s Party secretary and also the
Politburo’s second youngest member, Wang Yang (Li 2008b, 3). Guangdong has long
been the forefront for economic reform, markedly since China’s “opening up” in 1978.
However, as Li posits, “will Guangdong, the previous experimental zone for China’s
market reforms, become a showcase for the country’s long-overdue political reforms?”

(9). Li explores this question by examining the changing political leadership in the province. Whereas Guangdong has long been a stronghold for Jiang Zemin and his “elitist coalition”, the recent transfer of power to Hu Jintao’s three protégés, indicates a possible shift in ideology. Provincial leadership in China is central to studying factional politics in China (Li 2008b). According to Li, “nowhere has the rise to preeminence of Hu Jintao’s protégés in the top provincial posts been more eye-catching than in Guangdong province” (1). Guangdong’s top three provincial posts are held by: Party Secretary Wang Yang, Governor Huang Huahua, and Deputy Party Secretary Liu Yupu, (who also serves concurrently as Party Secretary of Shenzhen municipality)—all of whom worked directly under Hu Jintao in the early 1980s when he lead the Chinese Communist Youth League (CCYL). These connections shows a strong patron-client relationship (Li 1). Officials who advanced their political careers through the CCYL are part of the so-called tuanpai faction. Important to note also is that 10 of the 18 (56%) top-ranking leaders in Guangdong have tuanpai backgrounds (Li 2008b).
Signs that Guangdong may become a leader in political reform are evident in top leaders’ rhetoric. During Wang’s first two months as Party secretary, he initiated a “new wave of ‘thought emancipation’, urging local officials to break free of ideological and political taboos” (Li 2008b, 1). Furthermore, Wang stated that the province “should become a new experimental zone for bold political reforms that would be pioneered on behalf of the rest of the country” (Li 2008b, 1). Wang’s reformist goals were:

- Maintain Guangdong’s status at the vanguard of reform and opening-up;
- accelerate shirts to higher value-added products;
- improve socialist democracy and the protection of people’s rights;
- improve local culture;
improve residents’ quality of life; and continue to strengthen Party organization. (Kuhn 2010, 473)

When Premier Wen Jiabao proposed subsidizing at-risk companies, Wang showed his boldness by expressing his counter opinion, that aiding “backward enterprises” would only set Guangdong backwards. As a counter-idea, he advocated restructuring Guangdong’s economy towards more advanced industries, and pushing lower-value industry to the inner and western provinces (Kuhn 2010).

According to Li, there are three reasons why the recent power shift in Guangdong’s leadership is significant. First, since the birth of the People’s Republic of China (PRC) in 1949, the province “has always been a major battleground” for vying factions in the central government (Li 2008b, 2). This is because of Guangdong’s economic importance and that high posts of the province “are usually pivotal stepping-stones to positions of national leadership” (Li 2008b, 2). The ability of central leaders to successfully control the province, they were usually rewarded with promotions in the central government. Essentially, top provincial leaders in Guangdong who ruled in accordance with central government policies, have advanced onto increasingly powerful national leadership positions. The second reason is that Hu, since becoming general secretary of the CCP in 2002, has tried to portray himself as a populist leader who is trying to achieve more regionally-balanced development in China (Li 2008b). Third, despite Guangdong’s reputation as an economic pioneer in China, the province’s leadership has been accused of political conservatism and reversing its former “path-breaking, reformist ways” (Li 2008b, 2-3).
Since Wang began his tenure at the end of 2007, he “has frequently and publicly proclaimed his desire to change the poor political image of the province” (Li 2008b, 3). Wang expressed his resolve to transform Guangdong into the “frontier of China’s new wave of ‘thought emancipation’ (sixiang jiefang)” (Li 2008b, 3). A Hong Kong newspaper observed that Wang mentioned “thought emancipation” four times in his inauguration speech and 22 times in the first provincial Party Committee meeting (Li 2008).

Wang, and his fellow provincial leaders are joined by high-profile leaders, Hu Jintao and Wen Jiabao, “rising stars of the Fifth Generation like Li Yuanchao,” and members of leading think tanks in China in advocating “thought emancipation” and the “need for bolder political reforms” in China (Li 9). This political discourse has been labeled by some Chinese experts as China’s “third wave of thought emancipation” (Li 9). The province’s close proximity to Hong Kong and Guangdong’s large middle class are factors which lead it to be a favorable environment for political reform (Li 9). A large middle class is usually more susceptible for developing democracies (Li 9). For instance, in Shenzhen the middle class is about 2 million people—many of whom are “young, well-educated, and increasingly interested in political participation” (Li 9). During Premier Wen Jiabao’s visit to Shenzhen in late December 2007, he urged local leaders to extend innovation into social and political areas (Li 10). However, what each leader means specifically by “political reform” remains to be explored (Li 10). Nevertheless, what seems shared is the view that resistance is to be expected, as noted by Wang’s warnings that the path to political reform could be a “bloody road” (xuelu) (Li 10). Deng used this term to describe the resistance that his economic reforms faced. In the current
political climate, political reforms would have to overcome entrenched economic interests and corrupt officials (Li 10). Wang, his tuanpai Guangdong colleagues and national supporters believe that the CCP needs to become “more accountable, responsible, and representative” as a party to maintain public support. Wang is concerned that local officials have “lost touch” with the public and need to develop “crisis consciousness” (youhuan yishi) (Li 10). By the end of 2007, Guangdong was the province with the most number of Internet users (25 million) and websites hosted (300,000) which is significant when Wang and Governor Huang Huahua posted a public statement in early 2008 to Guangdong Internet users encouraging citizens to voice recommendations and criticisms that should serve as foundation for provincial public policy making (Li 2008). Shenzhen Party secretary Liu Yupu called upon his local official colleagues to develop both “vision” (shi), a far-sighted perspective of China’s future and “guts” (dan), the courage to disregard “ideological taboos” and cross “forbidden zones” to implement bold political reforms (Li 2008). Wang challenged Guangdong to surpass the four East Asian dragons (Taiwan, South Korea, Singapore, and Hong Kong) economically, but also strive to reach their standards of governance as well (Li 2008, Kuhn 2010).

What to expect from Wang?

Party Secretary Wang talked frequently about “freeing your thinking” but it seems like not much has been done to achieve greater freedom (New Zealand Herald 2009). An apparent conservatism had taken root in Guangdong politics, and corruption was widespread (Strait Times 2009). Wang stated his biggest challenge is combating corruption and said that would be his main focus (New Zealand Herald 2009). When
corruption cases emerged in 2009, he rigorously pursued investigations (Kuhn 2010). Wang “even showed little interest in political reform that would make Chinese society more open and free. Rather he insisted that Chinese citizens already enjoy enough freedom of speech and that allowing too much could cause chaos” (New Zealand Herald 2009). Peter Cheung, politics and public administration professor at University of Hong Kong, commended Wang’s calls for “freeing of thoughts” but also added that with the economic downturn, it was not the most conducive time to implement such sweeping reforms (New Zealand Herald 2009). At the beginning of Wang’s term, he suggested forming a special economic cooperation zone to include Guangdong, Hong Kong and Macau. He also advocates cleaner, more advanced technology to replace traditional, heavy-polluting ones. Wang also led a delegation to the Yangtze Delta to observe and learn from Guangdong’s competitors in September 2008. The following month, he led another study tour to southeast Asia. However, many still remain skeptical as to how much he can actually accomplish in his five-year term. “Everything he does now in Guangdong is to pave the way for his return to Zhongnanhai [central government building where top leaders meet]” stated a Chinese commentator (Goh 2008). It has been circulated that Wang will be invited to join the Standing Committee of the CCP’s Politburo in 2012 and then be appointed Vice Premier. The commentator added, “He cannot make major or fatal mistakes and he has to accumulate achievements and prestige” (Goh 2008). As a result, Wang may focus on economic reforms, which are less risky than political reforms (Goh 2008). It is widely viewed that Wang will not risk his career by “rocking the boat” in Guangdong. Critics say “it will be a case of ‘loud thunder but small raindrops,’ ‘much said but little done’” (Goh 2008).
At the beginning of this year, Guangdong underwent a “major reshuffling” in leadership as almost half of the provincial government officials reached retirement age of 60. The province had recruited about 100 officials from different provinces. The officials were chosen with Wang’s policy preferences in mind, as it would help escalate his profile in time for the 2012 Party Congress. These officials would be responsible for implementing Wang’s administrative reforms initiated in Shenzhen and Foshan.

**Competition from Shanghai**

With China’s WTO accession in 2001, other regions, particularly like Shanghai began to compete with Guangdong (Li and Yang 2002). Shanghai’s rise propelled Hong Kong and Guangdong to become more economically integrated in order to maintain their economic preeminence (Li and Yang 2002). Shanghai and Hong Kong-Guangdong have become China’s two economic “hotspots” (Li and Yang 2002). However, Shanghai’s ability to freely access resources from eastern provinces places it an advantage over the Guangdong-Hong Kong relationship, due to the border restrictions that separate the mainland from Hong Kong (Li and Yang 2002). Zhao Ziyang, reformist and former Guangdong Party Secretary in 1965, became premier in 1980. “Zhao envisioned Guangdong’s Pearl River Delta and Shanghai’s Yangtze River Delta as the two ‘dragon heads’ which would drive development of China’s southern and eastern coasts” (Kuhn 2010, 56).

**Cooperation with Hong Kong**

Since 1978, Hong Kong has had a far-reaching impact on Guangdong’s economy. Hong Kong has also been a crucial factor in launching China’s trajectory of rapid growth and transformation. With Hong Kong’s return to China in 1997, the
Guangdong-Hong Kong relationship increased in importance as their coordination became more critical for their shared success (Yeung 1998). As mentioned in the previous chapter, what happens in Guangdong affects Hong Kong, and vice versa (Cheung 2002). In addition to directly investing in Guangdong, Hong Kong also became “the middleman and the gateway of Guangdong to the world” (Li and Yang 2002). As a long-established international financial center, foreign investors would consult Hong Kong regarding legal and financial matters in the mainland. Likewise, Hong Kong served as an information source for Guangdong firms, seeking management and trade expertise (Li and Yang 2002). In 2003, Hong Kong and Guangdong signed a Closer Economic Partnership Agreement (CEAP) (Carroll 2007). In 2009, the central government coordinated a cross-border meeting between Hong Kong, Macau and Guangdong to discuss plans for increased economic cooperation to be accompanied by construction of a Hong Kong-Macau-Zhuhai bridge and a high-speed rail link to bring the cities closer together. Beijing issued a State Council document known as “The Guidelines” for Pearl River Delta development from 2008-2020. Whereas, former State Council documents placed limits on experimentation, such as Shanghai was only allowed financial reforms, in this document, Guangdong was not given any restrictions. Professor Zuo, at Guangdong University of Foreign Studies stated, “It means Guangdong can experiment without worrying it may commit mistakes. If the experiment is within the provincial government's remit, Guangdong can go ahead. If it needs state permission, Guangdong can seek permission” (Lai 2009):

So, according to the guidelines, Guangdong will consolidate Hong Kong's status as an international financial centre while supplementing it and Macau in areas like ports, airports, logistics, trade, conventions and tourism. Guangdong will
continue phasing out its low-end and resource-intensive processing industries and upgrade them to high-end manufacturing. It will also work with Hong Kong to increase its share of the service industry economy. Guangzhou and Shenzhen will become regional financial centres, complementing Hong Kong's role as an international financial centre. (Lai 2009)

The CEAP and the central government’s active role in facilitating economic cooperation between Hong Kong and Guangdong will have far-reaching effects on Gaugndong’s economy. The two regions had long worked together in the past, but with the changing global market and rising competition of Shanghai and southeast Asia, deeper cooperation between Hong Kong and Guangdong are now more important than ever to maintain their lead in China’s economy.
Chapter 4

Conclusion

Guangdong province has been at the forefront of economic development ever since Deng Xiaoping’s Open Policy beginning in 1979 and according to Lipset’s modernization theory, economic development should lead to political liberalization. Prior to Deng’s reform policies and ever since ancient Chinese dynasties, the southern coastal province had extensive contact with foreigners through trade. Guangdong’s far distance from Beijing, as the southernmost province excluding the island province of Hainan (created in 1988), its having the longest coastline of all Chinese provinces, its history of emigrants traveling overseas, its revolutionary history, distinct language and culture, and proximity to Hong Kong, were its comparative advantages and reasons why it was selected as one of the first provinces for Deng’s economic experiments. With the creation of three Special Economic Zones, Zhuhai, Shantou and particularly Shenzhen, the province’s GDP has skyrocketed. The central government’s recognition of the importance of Guangdong to the national economy was evident in the “special policies, flexible measures” the province was granted. The support of influential central government leaders was also critical to the continued success of the province. Deng, in particular, was a crucial advocate in pushing experimentation and opening up Guangdong even further. The appointment of younger, well-educated and reform-minded provincial leaders further advanced the cause of Guangdong’s economic agenda. Guangdong has succeeded as an experiment, becoming the wealthiest province in China.
However, Guangdong is still a mainland province, under Communist Party rule and it has not seen equal strides in political reform. Whereas, Hong Kong is just across the border from Shenzhen and is much more politically open, Hong Kong’s status as an international trade metropolis is owed to its geographic advantages, British colonial legacy and current status as a Special Administrative Region. Nevertheless, since Hong Kong’s reversion to Chinese rule in 1997, democratic progress has been stalled by the central government. Long expected reforms, such as universal suffrage have been deliberately postponed. Shanghai, long a cosmopolitan financial city in eastern China, has also risen in economic competitiveness especially since the 1990s. Although Shanghai is politically important, it cannot compete with the capital in political importance. Its preeminence still lies in its trade and knowledge and skills assets.

Last year, United States President Barack Obama made his first China trip, stopping only in Shanghai and Beijing. In 2001, the Asian Pacific Economic Cooperation (APEC) meeting was held in Shanghai and this May, the city will host the 2010 World Expo. Even though Guangzhou did not get to host President Obama on his last trip, the U.S. recognizes Guangdong’s economic importance, as U.S. Secretary of Commerce Gary Locke visited the province last fall.

I think that as Guangdong develops deeper economic integration with Hong Kong and Macau, world political leaders will begin to Guangdong province’s potential for political openness. For instance, Guangdong will be hosting the 16th Asian World Games, one of the world’s largest regional sporting events this November 2010. In preparation for the Games, the city has been undergoing major construction and installation of English-language public signs, and the building of a high-tech, “green technology” sports
village. The deeper integration with Hong Kong and Macau and hosting of the Asian Games will expose Guangdong to more international companies and people, as well as receive greater worldwide attention. The leadership of the young and ambitious Guangdong Party Secretary Wang Yang also bodes well for the province. Despite Wang’s frequent talk about “thought emancipation” and lesser actions to live up to his rhetoric, he will continue to push for Guangdong’s economic development, because he has his eyes set on a promotion within the central government. Although he has focused more on economic reform and less on political reform, he has advocated for pushing greater economic experimentation in Shenzhen.

I think that while Guangdong’s political reforms may not keep pace with its economic progress, there have been small steps towards administrative reforms that are moving in that direction. Wang’s major reshuffling of leadership and clamping down on corruption along with the village elections and administrative restructuring in Shenzhen, while they may seem insignificant, are positive signs. I think like Deng’s strategy of targeting a few provinces to test out his economic reforms, the PRC may begin with Shenzhen if it is to implement more political reforms. I do think that Guangdong will follow behind Hong Kong in terms of political liberalization however, because Guangdong is still a mainland province, it will be a gradual process as political reform carries with it great risks.

China has affirmed frequently that they will industrialize following the “Chinese way” and not the “Western path.” I do not think there will be a crackdown on Guangdong because the province’s leaders are well aware that in order to pursue economic development, they must stay in line with central ideology. I do not think that Guangdong
will remain the same either in five years, because it is becoming more closely integrated with Hong Kong and Macau. In order to facilitate effective economic cooperation, Guangdong will need to adjust its method of handling transactions and deals and managing projects according to Macau and Hong Kong standards. Inevitably, as the exchange of people, capital and ideas flow more readily between these three regions, I think Guangdong will slowly, but surely become politically liberalized.
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VITA

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EDUCATION

The Pennsylvania State University, University Park, PA    May 2010
Major: International Politics, B.A.; Minor: Geography, B.A.
Schreyer Honors College

INTERNATIONAL EXPERIENCE

U.S. Department of State, U.S. Consulate General Guangzhou, China  9/09-12/09
Public Affairs Specialist Intern
• Developed and managed public diplomacy programs and conferences of up to 21 speakers and audiences of 800 people.
• Presented on “American Education, Culture and History” in Mandarin and English in front of Chinese audiences of up to 100 people.
• Reviewed and assessed 330 scholarship applications.
• Represented the U.S. Consulate and developed contacts at diplomatic functions.
• Drafted weekly reports and edited press releases to headquarters in Washington D.C. and Beijing.
• Redesigned and managed physical restructuring of office layout.

Homes of the Indian Nation (HOINA), India  7/07
ESL Volunteer
• Organized fundraisers and presented about HOINA, a non-profit organization for disadvantaged youth, to CEOs of major companies for fundraiser and awareness campaign.
• Wrote an article that was published in a local city newspaper to raise additional support.
• Volunteer taught English as a Second Language and performed various community services.

Rotary International, Japan  2005-2006
Youth Ambassador
• Presented monthly personal progress report in Japanese to Rotary members.
• Contributed to cross-cultural understanding through community engagement.
• Volunteer through Interact community service club.

UNIVERSITY WORK EXPERIENCE

Japanese Tutor; Penn State University Learning Center  10/08-5/09
• Tutored individuals in Japanese 002 reading, writing and speaking.

Office Assistant; Penn State Dickinson School of Law  9/08-5/09
• Assisted Center Coordinator with researching, organizing and updating databases and materials for conferences.
• Proofread materials for formatting to be included in textbook.

Co-organizer, Penn State Schreyer Honors College Career Service  9/08-5/09
• Coordinated and publicized law school information sessions and events for fellow Scholars.

Facilitator; Penn State Race Relations Project 10/08-12/08
• Facilitated weekly group discussions of 10 multi-cultural undergraduate students on race, gender, and ethnic relations.

Teaching Assistant; Penn State Sociology Course on Race and Ethnic Relations 9/07-12/07
• Evaluated assignments and facilitated weekly discussions with 30 undergraduate students on diversity issues.

Research Assistant; Penn State Department of Psychology Lab 1/07-5/07
• Recruited record number of research participants and organized data sets in lab researching social identity, and stereotypes about race and gender.

ADDITIONAL WORK EXPERIENCE

Center for Strategic and International Studies, Washington, D.C. 6/09-8/09

Abshire-Inamori Leadership Academy Intern
• Designed and organized a career mentoring event for women in public policy.
• Assisted staff in planning and executing weekly curriculum events, including setup and breakdown.
• Organized and edited publicity material for booklet summarizing Academy’s accomplishments.
• Researched literature survey on UN peacekeeping challenges.
• Presented policy proposal using PowerPoint in front of peers and supervisors.
• Wrote curriculum event summaries.

U.S. Department of Labor, Washington, D.C. 6/08-8/08

Secretary Elaine L. Chao Internship Program Clerk Intern
• Researched and interviewed senior staff about department’s international projects, resulting in group presentation and guide highlighting inter-agency collaboration for senior staff.
• Reorganized federal regulations from Federal Register Final Rules into concise overview of Federal requirements for specific mandates.
• Proofread and contributed edits for Federal Register Notices.

Dress For Success (DFS), Madison, NJ 6/07-7/07

Social Work Intern
• Liaised between employment and job-training agencies, clients and DFS to promote economic independence of disadvantaged women through job retention programs and career workshops at non-profit organization.
Solicited feedback from 40 welfare, unemployment, disabilities, job-training agencies and wrote a comprehensive 40-page report on how to improve DFS’ services. Reported findings to the President and Vice President of the Board of Directors.

**Youth Enrichment Summer, Morristown, NJ**

*Teaching Assistant*

- Prepared curriculum and taught 20 youth in an ethnically diverse, low-income community.

**ACTIVITIES**

Youth Build Community Service Project, New Orleans, LA  
Conference on Asian Pacific American Leadership’s Washington Leadership Program Summer 2008  
*ESL Conversation Partner; Penn State Global Connections*

**AWARDS**

- Ralph Dorn Hetzel Memorial Award for Student Achievement, 2009-2010  
- Schreyer Honors College Internship and Travel Grants (Fall 2009; Summer 2008)  
- Stephen and Martha Ripp Scholarship in Political Science (Summer 2009)  
- Liberal Arts Undergraduate Enrichment Award (Summer 2009; Summer 2008)  
- Schreyer Academic Excellence Gerald L. Bayles Scholarship (2006-2010)  
- International Student Council’s International Education Week Photo and Essay Contest Winner (Fall 2007)  
- National Honor Society Leadership Award for exemplary dedication to the club (2005)  
- Kiwanis Club of Ambler Scholarship Award For Outstanding Commitment to Community Service (2005)

**SKILLS**

- Strong command of Microsoft Office software.

**ADDITIONAL**

Secret level security clearance  
(U.S. Department of State, June 2009)