

Combining Adventurous Innovation with Development Legacy in Guangdong-Hong Kong-Macao Greater Bay Area

Legacy from Reform and opening up

The Central Government promulgated the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (hereafter refer to "The Plan"). It is a key development strategy in the country's reform and opening up against the backdrop of global structural change. Therefore it would not be possible to fully comprehend the significance of The Plan if we simply compare it with development of New York Bay, San Francisco Bay, or Tokyo Bay, until we root our understand on the history and status quo of China's reform and opening up.

In order to get hold of the first grasp of the strategic significance of The Plan, it is crucial to understand for the last 4 decades, how the Economic Special Zones, represented by Shenzhen, have been played a far-reaching role in China's success. China's reform and opening up, being distinct from development strategies of other developing countries, was designed to follow a progressive transition road, experimented at selected cities first then applied their success to the whole country. Shenzhen, for instance, the very pioneering city as a window to open up to the outside world, by leveraging advantages of Hong Kong, it successfully introduced international capital inflow, technologies transfer, new management model. Shenzhen is just a microcosm of economic miracle created by China who took opportunities of global industry shifts and globalization.

Meanwhile, when we celebrate the magnificent achievement brought by the policy of Economic Special Zones to Shenzhen and further more to Zhujiang River Delta, we should also recognized the historical significance of this policy, that is, Economic Special Zones policy was neither a blind nor mechanical copy of systems of developed countries. Instead, this test- first- then-expand progress was one of the cornerstones of China's grand development strategy that to realize economic reform through opening up to the outside world. It is in fact an autonomous choice made by China endogenously rather than exogenously, and it is a development model bearing world significance and Chinese characters.

From the global point of view, the most remarkable feature of China's development model is that with respect to opening up, China is fully confident in coping with globalization, adapting to the multilateral orders, and embracing trade and investment liberalization. On the other hand, with respect to internal reform, China sticks to market economy to the extend that is compatible with the political and regulatory state of the country. China's development model has been proved to be superior to traditional Eastern Asia Model, in one way it placed China at the top of developing countries, in another, it prevented China from falling into economic cyclical crisis. Evidently from above mentioned accomplishments, the Greater Bay Area is going to reposition the most dynamic area of China at the greater picture of a new reform and opening up blueprint.

China should at the same time be aware that radical changes have been occurred both internally and externally. Externally, globalization has been witnessed a reversed trend where international economic order built on multilateral framework is facing challenges. In developed countries, a

protectionist mood is increasing. External pressures forced China to consider and focus on economic structure transformation and upgrade. Today Guangdong-Hong Kong-Macao Greater Bay Area simply cannot be positioned as an experimental field that borrows and introduces world's top technology knowhow, business models, etc, like what happened in the Economic Special Zones four decades ago. The Plan should at least take two dimensions into account. Firstly, at the internal economic system reform level, the Great Bay Area should aim to renew the development mechanism that can boost up growth given new challenges facing China. Secondly, from the opening up perspective, it is necessary for the Great Bay Area to initiate a series of policy innovations that are in conformity with China's global stance as an influential nation. As a result, the Great Bay Area is destined to become a pillar program to Road and Belt, China's another far reaching strategy.

New Paradigm for Guangdong-Hong Kong-Macao Greater Bay Area

Strategically, Guangdong-Hong Kong-Macao Greater Bay Area is built upon the extraordinary achievements of Economic Special Zones, and should be pursuing higher goals in the country's implementation of innovation-driven development and commitment to reform and opening-up. That may require a break through from traditional mindset.

First and utmost, one should realize that the Great Bay Area Plan is implemented at the most developed and dynamic area in China. This is utterly different from the experiments four decades ago when China's economic centers were heavy industry base of north-east China and comprehensive industry base of Yangzi Delta. The growth of Economic Special Zones at that time was incremental parameter to China's GDP and hardly have any negative impact on core economy should it fail. It implied that further more, reform in Special Zones could not lay a finger on the benefit distribution among the vested interest groups. Economic theory tells us that as long as there were production factors flowing into the Special Zones, growth was a logical consequence, and unlimited labor supply at that time provided necessary and sufficient condition for export-oriented economy. On the contrary, nowadays the Greater Bay Area is a well-developed model city agglomeration. The Plan, when implemented, is set to be a readjustment and reform to existing structure with the target of facilitating free flows and rational allocation of total production factors within the Great Bay Area. That is to say that the most prominent distinction between the Special Zones policy and The Plan is that the former policy was an adjustment to incremental parameters, while the latter plan is an adjustment and integration of existing resources which inevitably lead to a modification on the existing benefit distribution system and administrative authorities. Apparently the challenges and difficulties are foreseeable and more open-minded breakthroughs and more innovation-driven policies will be needed.

Secondly, with the goal of building an international first-class bay, The Plan should aim at the forefront of the technology and industry development, focus on establishing a platform for technology innovation and upgrade. The industrial structure of the Great Bay Area is still center on manufacture industry, given the output of the service industry has exceeded that of the manufacture. Although many works have been done to upgrade and optimize the industrial

structure, service industries such as tourism, finance, trade, real estate, etc remain the construction of the main frame. Therefore in order to make the Great Bay Area into an international innovation and technology hub, industrial structure adjustment should be implemented, which means when the core and backbone industry is transformed from traditional industry to hi-tech industry, resources transferring and re-allocation will take place, and interests re-distribution will most certainly cut into the cheese of the existing interests groups.

Last but not the least, since the Great Bay Area comprises the two Special Administrative Regions of Hong Kong and Macao and the nine municipalities in mainland, system adjustment and administrative authority re-organization should be brought to careful consideration. It requires a search for a new mode that lifts restrictions on free flows of production factors and enhances close cooperation, co-ordination, and integration in the Great Bay Area under the principle of "one country, two systems".

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