Extending the Open Policy

The previous chapter outlines the politics of the Open Policy in the earlier years, especially between 1978 and 1985. It focuses on reformists’ political and economic considerations in their selecting the SEZs in Guangdong and Fujian as well as the reformist strategy of generating competitive liberalization for opening among the other provinces. Two questions naturally arise—how can we account for the opening of all provinces between 1978 and 1994? Do any possible factors underline the pattern of the nationwide opening of the provinces? This chapter addresses these questions. Using the central government’s selection of open areas in the provinces during 1978–1993 as an example, I test the relevancy of possible factors which, according to the existing literature, shaped national policies toward reforms in the provinces.

I find that the center opened up faster those provinces that had patrons among the top leadership, where non-state sectors were providing numerous jobs, that either contributed heavily to the center, or depended heavily on central subsidies, and to some extent, those that had a certain potential for developing trade with nearby external economies. Overall, support from labor force from the existing non-state sectors, central patronage, means to strengthen provincial fiscal capacities, access to sea ports and proximity to the coast, as well as trade potential apparently helped to account for the center’s opening of the provinces. The central government acted on multiple motives instead of a single one—patron-clientelism, fiscal revenue, social support, and economic efficiency.

To recap the discussion in chapters 2 and 5, the opening of China’s provinces between 1978 and 1994 went through five periods. First, during 1978–1984, four SEZs, three in Guangdong and one in Fujian,
were opened to external investors and the international business community. Second, in 1984 fourteen coastal cities were declared open cities for foreign business. Third, in 1985 the State Council made sixty-one cities and counties in three deltas coastal open economic zones (Howell 1993: 63–74; Yang 1998: 265). Fourth, in 1990 the Pudong District in Shanghai gained a status similar to the SEZ. Fifth, in 1992 the state opened up most of the provincial capitals as well as major cities in the inland regions. By then, all provinces enjoyed varying extents of opening.

On the surface, the rationale of opening up Guangdong described in chapter 5 might appear to explain why the coastal region was opened up ahead of the inland regions. Let us call it “the-most-able-reform-first.” The coast enjoyed much better political and geoeconomic conditions for opening. The region was close to the advanced economies in Asia and in North America. It had ocean harbors. It had a relatively developed industrial base. It had a history of dealing with foreign business in the recent centuries. Therefore, the Open Policy would have gained greater political support from provincial leaders, pro-market sectors and employees, and even population. It would have a greater chance for success there. The coastal success would pressure the inland regions to follow suit.

Nevertheless, we should be cautious in applying the explanation of opening up of Guangdong and Fujian to the rest of the nation for several reasons. First, we have yet to be sure this explanation applies to the opening of provinces at a national level. While opening varied between the coastal and inland regions, it also varied among coastal provinces as well as inland provinces. Some coastal provinces were opened up earlier than other provinces; some inland provinces enjoyed greater opening than others. This variation in regional opening demands sophisticated answers and careful analyses. Second, other factors may also have played a role in the varying pace of opening of the provinces. The existing literature suggests a wide range of alternative ones. Only nationwide statistical tests will give us a systemic survey of the opening and a convincing test for the “most-able-reform-first” explanation as well as other existing explanations.

A carefully evaluation of these explanations will help us to better understand the political strategy of China’s reforms as well as its operation and implementation, which are the core issues in this book. On the basis of the examination of available explanations can we be sure what might have driven national leaders’ decisions to open up provinces nationwide from 1978–1993, what facilitated and