

A Preliminary Research on Globalization and Chinese Social Rich-Poor Gap: Taking Guangdong Province as a Case

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Introduction

Globalization is a historical trend in the contemporary world. Whether rich or poor, or whatever kind of social and economic society, every country has to face challenges posed by globalization. However, due to the differences among different nations, the challenges of globalization are different. They are even different in different parts in a same country.

China was involved in globalization since the late 1970s starting its “opening up and reform” policy. As the first experimental province, Guangdong has been a key player of globalization. However, with the economic development in globalization era, the issue of the rich-poor gap becomes salient. Facing this new problem, how do Chinese government and Guangdong government think about and deal with? This is the key questions for this paper.

I. Economic globalization and China's “opening up and reform” implementation

Globalization is a multi-facet phenomenon including politics, economy, culture, science and technology. However, economic globalization is the key part of globalization. Economic globalization refers to a trend of economic development, which the whole world is closely integrating together with the formation of a world unified market, continuing scientific and technological progresses, rapid development of trans-national corporations, rapid expanding if international trade and international finance.¹⁾ Generally speaking, academics regard the economic globalization started from 1492, when Christopher Columbia discovered the new continent in America. After a long and twisted historical process, it reached a new stage after the end of the Cold War with every nation focusing its

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1) Gong Li, et al., *Nothing is Higher Than Peace: the History and Reality of Chinese Foreign Strategy*, Jiuzhou Press, p.249.

economic development.

In 1950s, Mao Zedong worried about “China’s Global-ship” (“中国球籍问题”). He realized that if China did not fully develop its economy, it would face the danger to be deprived its global citizenship. This could be the earliest perception of Chinese leadership towards globalization. However, due to the economic blockade, embargo and containment by Western countries led by America at beginning and then the squeeze by Soviet US superpowers, of course, due to its domestic problems, China experienced almost completely isolation for longer than 20 years.

With US President Nixon’s visit and normalization of Sino-US relations and its chain reactions in 1970s, China established more and more relations with the capitalist world. This provided a great opportunity for China to join the world. However, it was a pity that the Leftist ideology was full of China at the moment, and China missed this rare opportunity.

In the late 1970s and the early 1980s, along with the destruction of “Gang of Four” and the criticism of Leftist ideology, as well as Deng Xiaoping resuming his political power, the reform and opening up policy became the top agenda seriously. Under Deng Xiaoping’s direct commanding, the Chinese people followed the reform and opening up policy, contacting with the foreign people and expressing their opinions actively. The reform and opening up gradually expanded to the whole nation and formed the opening pattern of multi-level, multi-channel, and omni-direction. China implemented the reform and open policy, and particularly expanded and deepened the opening to the outside world gradually, following the step of economic globalization fast, and integrating the economic globalization advancement widely.

The economic globalization means the market globalization, including the capital, technology, management and the human resources, which obtains reasonable and the effective disposition in the market globalization advancement. Guangdong Province’s development is the quickest in China. It integrates into globalization advancement, participates in the international division of labor and the international exchange positively. It owns the geographical positional superiority with attracting sufficient labors, local capital, technology, management, and the talented human resources. During the period of the Chinese economy booming, Guangdong’s economy particularly presents one unprecedented and continuing landscape in the high speed.

As statistic shows, in 1978, the GDP of the mainland China was 364.52 billion Yuan (based on the same year’s price, similarly hereinafter), and it was 2108.71 billion Yuan in 2006, during 28 years grew nearly 58 times.²⁾ But Guangdong Province in 1978 the total

2) Chinese Annuals Comprehensive information Web, <http://www.bojianbook.com/news.asp?id=60>.

A Preliminary Research on Globalization and Chinese Social Rich-Poor Gap

output value was only 1858.5 billion Yuan, increasing to 259685.5 billion Yuan in 2006, during 28 years grew 139.7 times. Even if deducts the factor of price rising, this rate of rising was also very astonishing.³⁾

As from the national per capita income, national per capita income increases to 1000 US dollars after 2002 in the mainland China, it reaches 2010 US dollars in 2006, more than twice of the year of 2002. Thus, China's world ranking rises from 132 to 129. Meanwhile, Chinese living standard also has the remarkable improvement. In 2006, the village average income per person grows 52.7% if compared with 2002. The rural resident average per person net income grows 27.1% compared with 2002. In 2002, China's rural and urban resident Engel's coefficient respectively was 37.7% and 46.2%, it dropped to 35.8% and 43% in 2006 with lowering 1.9% and 3.2%.⁴⁾

II. Rich-Poor Gap Development since "Reform and Opening up"

China had made great economic achievements since implementing the policy of reform and opening up and the living standard was remarkable promoted. However, it also presented many problems during this period, which includes the unfair distribution of income between individuals and between different social groups and areas. Whether these questions were solved properly will directly relate to Chinese reform and opening up policy and the steady progress of Chinese society.

Before China implementing the reform and opening up policy, the income of the village dwellers or the countryside residents were both at the very low level, the gap of income among the whole country was also small. As same as the most countries under the extremely low economic level condition, the entire social economy life was controlled by the national government strictly and the division of income was also presented the egalitarianism tendency.

The Ginny's coefficient is often used to reflect the equal degree of the income distribution in the society. According to the international convention, the Ginny's coefficient below 0.2 indicates that the distribution of income is "highly average" among residents. 0.2-0.3 indicates "the highly relative average", 0.3-0.4 "quite reasonable", 0.4-0.6 "the big disparity", above 0.6 "highly unequal" and the income polarization. Generally speaking, 0.4 is "the warning line" of the income gap between rich and poor

The Ginny's coefficient of Chinese residents' income had been measured in many kinds of statistical measures in 1978, but all was about 0.2, which the Ginny's coefficient of

3) *Guangdong Annual 2007*, Guangdong Annual Press, p.670

4) <http://www.chinanews.com.cn/cj/kong/news/2007/10-11/1046343.shtml>

the city residents was 0.16 while the countryside was 0.2124. This indicated that the Chinese residents' income was "highly average" before implementing the reform and opening up policy. It was later referred as "everybody eating from the same big pot". After implementing the reform and opening up policy, the level of Chinese residents' income increased gradually, but the Ginny's coefficient is also rising, especially after the mid-1990s. According to the World Bank's calculation, the Ginny's coefficient of Chinese residents' income was 0.415 in 1995, already surpassed the warning line of the income level assignment. In 1998, this data dropped to 0.403 (it was 0.249 in Japan in the same year, 0.378 in India) and raised to 0.447 in 2001.⁵⁾

Whether Chinese economists' estimation higher or lower than the World Bank's data, they all insists that it had already approached or surpassed 0.40 in the mid-1990s. China State Statistical Bureau calculated the Ginny's coefficient is quite close to the World Bank's study. These two data indicates that in the end of 20th century Chinese Ginny's coefficient was close to 0.40-0.42, with close to 0.30 in the city and 0.36 in the rural area.⁶⁾ But it must point out that the World Bank and the Chinese Statistics bureau had mainly considered the book wages and the account income, therefore these reflected that the gap of Chinese income must be smaller than the actual situation.

Statistics released by the United Nations Development Program (UNDP) in 2004 displayed that Chinese Ginny coefficient was 0.45. That meant 1/5 population in poverty only accounted for 4.7% of the income or consumptions, while the other 1/5 affluent population occupied 50% high in the same item. There was a large gap between those two groups.

The Institute of Economics of the Chinese Academy of Social Sciences conducted a long-term tracking investigation. Their report at the beginning of 2004 said that in 2002 the national Ginny's coefficient achieved 0.454, even this figure did not consider the indirect income or grey income of the richest social stratum and groups in power. This report also pointed that 1% group of the highest annual income had occupied 6.1% of the entire gross social income in 2002, and the 5% of the highest income group had obtained nearly 1/5 of the national gross income. These two figures experienced a growth compared with 1995.⁷⁾

Nowadays, the Chinese experts generally estimated that Chinese Ginny's coefficient in fact possibly reached as high as 0.5 which was higher than the official statistics. There

5) From Yang Qiang (2007) *The Fair Distribution of Chinese Personal Income*, Social Sciences Academic Press, p.314.

6) From Yang Jisheng (2006) *Analysis on Social Stratification in Contemporary Chinese Society*, Gansu People's Press, p.56.

7) Ibid., pp.56-57.

A Preliminary Research on Globalization and Chinese Social Rich-Poor Gap

exist the following reasons: (1) the differences between the rural and the urban are becoming bigger than the statistical data. The rural dwellers cannot imagine the benefits and the welfares in housing, medical care, education which the urban population enjoy. This huge different treatment is reflected on the counting. (2) Whether in the cities or in villages, there are massively kinds of corruption causing by the transaction of power and money at present, and some departments and authorized social stratum monopoly massive benefits and the gray even black income. (3) There are huge flaws in Chinese tax revenue system and the other income adjustment system, and the massive new rich social strata have not counted, but the income of some poverty has been estimated highly.

The Chinese reform and opening up policy has implemented less than 30 years, but the gap between the rich and poor has become the hottest issue of the whole society and it also caused the attention from the Chinese high-level leaders. In fact, the gap between the rich and the poor in Chinese society since the mid-1990s was the inevitable consequence of the reform and opening up policy, but caused by a series of economic policies and the social policy which did not consider the characteristics of the Chinese society. The result was that the a few areas became wealthy first, but the most of the areas developed slowly. Outstanding example was the expanding disparity between East China and the Middle West. The city dwellers especially in the big metropolitan could obtain the wealth growing quickly in a short time, but the most farmers had not been able to enjoy correspondingly the advantages of Chinese reform and opening up policy and the economic development. Few people took advantage of the policy or misused the relations between power and money and became the “upstart”, but most workers’ welfare increased slowly.

Chinese reform and opening up policy in fact is the process of integrating into the world economy. This process inevitably started from the East and Southeast China where easier contacted and used the international advantages. Therefore, they got profits first from the reform and open up policy. But at the same time, the disparity between the Middle West and the East became even bigger. For rural residents’ income, in 1978, 1985, 1990, 1995, 2000 in China, the ratio of East, Middle and West China were respectively 1.36:1.09:1, 1.59:1.18:1, 1.73:1.16:1, 2.23:1.65:1 and 2.27:1.35: 1.⁸⁾ Western farmers’ income was less than half of the Eastern farmers’ income in 2002. The Shanghai farmers’ annual income was 6223 Yuan in 2002, but the income of Guizhou and Tibet were less than 1500 Yuan.⁹⁾ For the urban income, at the beginning of implementing reform and opening up policy in 1981, the national per capita income was 458 Yuan, the ratio of the East, Middle and West China was 1.02:0.85:1, the East was only higher 7.7 Yuan than Western. In 1995,

8) From Yang Qiang, *The Fair Distribution of Chinese Personal Income*, p.314.

9) *China Annual 2003*, p.369.

the nation average income was 4283 Yuan, and the ratio of the East, Middle and West China was 1.42:0.97:1, this ratio became 1.38:0.95:1 in 2002.¹⁰⁾ Although the income disparity of the city people was less than the residents of countryside, its overall influence was also very big for the income of the East, Middle and West China because their absolute value was big.

Before reforming and opening up policy, collectivized work was put into practice for a long time in China's rural areas. This economic growing mode and accumulating capital through prices between industrial and agricultural products made farmers living in a very low level. After implementing the reforming and opening up policy, there started a contract responsibility system in rural areas, which greatly enhanced the farmers' enthusiasm for grain production. And the income of the farmers had also increased rapidly. From the year 1978 to 1985, the annual growth rate of farmers was 16%, deducting the inflation factor still reaching to 13%. The income gap between urban and rural residents had become narrowed. But the policy following was continually preferential to the cities, and the farmers' income increased significantly slower, the income gap continued to expand. For example, from 1998 to 2004, total per capita net income of farmers increased by 532 yuan, while residents in the town increased by 3,312 yuan, over six times of that the farmers gained.¹¹⁾ When the reforming and opening up policy started in 1978, urban and rural per capita net income ratio was 2.56:1, down to 1.86:1 in 1985, 2.71:1 in 1995 and rose to 3.20:1 in 2004.¹²⁾ Even in the developed Guangdong Province in 2005 and 2006, the income ratio of urban and rural residents was higher than 3.0:1.¹³⁾ Saving is another important indicator to reflect the level of residents' income. China's current urban residents' savings is 7-8 times of that of rural residents. The income gap between urban and rural residents is not only reflected in the dominant revenue side, but is also manifested in such items as housing, medical care, social security, and so on. How to solve the three rural issues¹⁴⁾ and to narrow the gap between the East, Middle and West China become the most important tasks for Chinese government in the future.

Since China has implemented the reform and opening up policy, the major problem is that the society wealth is fast accumulated to the small number of people, leaving the social gap between the rich and the poor expanding. It not only contradicts the nature of socialist country, but also does not adapt to the Chinese present economic development level and it is creating the huge social hidden danger. This tendency had already displayed

10) From Yang Qiang, *The Fair Distribution of Chinese Personal Income*, p.248.

11) See Yang Jisheng, *Analysis on Social Stratification in Contemporary Chinese Society*, p.117.

12) Yang Qiang, *The Fair Distribution of Chinese Personal Income*, p.229.

13) *Guangdong Annual* 2007, p.671.

14) Three rural issues refer to rural construction, rural development and Farmers' income.

obviously in the mid-1990s, and it was more prominent in the past 10 years. “The Rural and Urban Income Distribution Investigation Program” of the Institute of Economy of Chinese Academy of Social Sciences carried two nation-wide poll in 1988 and 1995, their results demonstrated whether the cities or the countryside, the income were quickly centralized to small group of people.¹⁵⁾ The reason that causes this kind of situation is complicated. Besides of labor force and capital, the massive deal between money and power and escaping taxes are all important causes. Ordinary people hate the group who are “quickly becoming rich” illegally.

For a long time, there is a one-sided understanding on the slogan “allowing some people to get rich first”. Even in China’s economy academic field, there still exists a tendency to misjudge that efficiency and fairness are confrontational. They think the widening gap between the rich and the poor is inevitable phenomenon with social development. Economic globalization, especially under influence of market supremacy which is popular in Western countries’ neo-liberalism, together with the abnormal combination of the market and the power, results in a serious social problem that China’s social distribution of income widened as an unbridled horse.

III. Economic gaps in Guangdong and its Causes

Guangdong Province locates at the frontier of reforming and opening up. The economic gap among various parts of Guangdong Province is a miniature to show China’s whole landscape. Since data limitation, this paper only briefly sums up the regional differences in Guangdong Province. As for the income disparities among different social strata in Guangdong, they need to be further studied in future.

Guangdong Province locates at the South of mainland China, to the west of Fujian, southwest of Taiwan, south of Jiangxi, Hunan, east of Guangxi and north of South China Sea. On both the East and West sides of the Pearl River Delta stand Hong Kong and Macao Special Administration Region. Guangdong also closes to Qiongzhou Strait of Leizhou Peninsula and Hainan Province (affiliated to the Guangdong Province before 1985). From the 1950s to the 1970s, Chiang Kai-shek who retreated to Taiwan clamored to counterattack mainland China. Hong Kong and Macao was respectively controlled by the old colonialists - the United Kingdom and Portugal. Guangdong was a outpost for anti-China Western forces collecting intelligence on China for Taiwan spies sneaking into mainland China. In addition, continuous war in Southeast Asia and their political instability

15) See Wang Haigang (2007) *Analysis on Chinese Residents’ Income Distribution and Fluidity*, Zhongshan University Press, pp.55-61.

endangered Guangdong Province across the sea thus it became the forefront of defense and struggle against the enemy. From the mid-1950s, China launched several “Five-Year Plan” key projects focusing on the development of large-scale industry, but none was in Guangdong. It was only chosen to develop some light industrial projects based its old advantages and using of its favorable geographical location and climatic conditions to develop its agriculture. Underdevelopment of industry in Guangdong province gained it a nickname of “agricultural province”.

The Third Plenum of the 11th CPC in 1978 decided the whole nation to move to the economic construction as its core policy and made the reform and opening up as a long-term basic national policy. China’s reform and opening up policy was a new thing. Lacking experiences, China had to “cross the river by groping the stone under foot”. Guangdong was chosen as the province to be the experimental place of testing the policy of reform and opening up. It was given special preferential policies and allowed to take its own flexible measures. Shenzhen, Zhuhai and Shantou were chosen to be the first Special Economic Zones. Why did Beijing choose Guangdong as the forerunner of reform and opening up? Why did they establish three special economic zones in Guangdong at one time? This is because Guangdong province is adjacent to Hong Kong and Macao where there exists great human resources of Overseas Chinese from Guangdong. These are the advantages which could easily make it to participate in the economic globalization process.

Hong Kong and Macao are both free ports, where people and goods could pass in and out conveniently. Hong Kong, as the international business center, financial center, sea and air shipping center communication center, becomes the focus of Asia-Pacific. Hong Kong, with abundance of capable people and close relationship with the international business circles, attracts many multinational corporations to establish their headquarters there. The ancestral home of compatriots from Hong Kong and Macao emigrates from Guangdong, therefore, their relationship are intimate. Of tens of millions of overseas Chinese people, at least 70% are from Guangdong province. In particular, Overseas Chinese in industrial and business circles of Southeast Asia have ample capital, numerous talented human resources and patriotic or township tradition. Taking these two big advantages, it may not only absorb the capital, technical, the talented and the managerial experience for promoting the Guangdong economy, but also attract many multinational corporations all over the world to undertake business through the tripartite network.

The central government’s reform and opening up and launching “the preferential policy firmly and the flexibly” have enormously aroused Guangdong people’s initiatives. In addition, Guangdong fully uses of the two big advantages which are close to Hong Kong and Macao and the numerous overseas Chinese. The Guangdong economy develops rapidly. Pearl River Delta’s east and west wings adjoining with Hong Kong and Macao

A Preliminary Research on Globalization and Chinese Social Rich-Poor Gap

become the most direct center for Hong Kong and Macao's industry. Large quantities of manufacturers move their manufacturing part to places as Shenzhen, Guangzhou, Foshan, Dongguan, Zhuhai, Zhongshan, Jiangmen which cause the Pearl River Delta becoming a popular investment place very quickly. In fact, Guangdong economy has continuously become a symbol and spot light of Chinese economic development. It can be said that from the early-1980s to the early 90s, the Pearl River Delta's booming economy has led the entire soaring Guangdong economy and the entire mainland China's soaring economy. At present, many cities or counties of the Pearl River Delta has been stepping into the ranking of the affluent society, after the examples of "the four little dragons" in East Asia. However, comparing to Pearl River Delta which successfully enters into the affluent society, Guangdong's east and west wings relatively are still quite backward, especially the north, some population's food and shelter are still not to be able to solve truly, this fully explained Guangdong's imbalance development and the severe situation between the rich and the poor.

What are the main manifestations of this phenomenon?

First, the advanced and developed areas are not big but the backward and poor area is quite big. At present, Pearl River Delta only covers nine cities including Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Foshan, Jiangmen, Huizhou, Zhaoqing, but there are 12 cities outside of the Pearl River Delta's administering reach. If looking from the area, the nine cities of the entire Pearl River Delta only account for 30.39% of the entire province, but the two wings and the Northern mountain areas actually account for 69.61%. Looking from the population, Pearl River Delta's household registering population only occupies 27.85% of the entire province, while the two wings and the Northern mountain area's household registering population actually occupy 72.15% of the entire province.¹⁶⁾

Second, the intra-regional disparity is big. Since reform and opening up policy, each region, whatever economic output or the average income per capita, has the considerable development, but disparity is very obvious among the different regions. Of the total output of 2003, the Pearl River Delta amounted to 1134.013 billion Yuan, with the East wing 143.82 billion, West wing of 141.082 billion, mountain area of 219.371 billion. Looking from the economic output, the mountain area only equals to 19.34% of Pearl River Delta. If compared with 22.1% in 2002 21.20% in 2002, the mountain area and Pearl River Delta's disparity had enlarged. Looking from the average output value per capita, Pearl River Delta amounts to 39782 Yuan, the East wing is 9148 Yuan, the west wing is 9157 Yuan, and the mountain area is 7604 Yuan. Mountain area only occupies Pearl River Delta's 19.1%, while

16) See Wang Haigang (2007) *Analysis on Chinese Residents' Income Distribution and Fluidity*, Zhongshan University Press, pp.55-61.

the west wing 23.03%.¹⁷⁾

Third, different areas show the polarization tendency of economic status in the entire province. The total output value of various areas were accounted in the entire province proportion in 2002, Pearl River Delta reached 80.26%, the East wing 11.16%, West wing 10.75%, the mountain area 17.01%. In 2003, Pearl River Delta reached 83.23%, the East wing 10.55%, West wing 10.35%, and the mountain areas occupied 16.1% but with 65.4% of the whole population and 40.7% of geographical size of the entire province,¹⁸⁾

Fourth, various areas financial capability disparity is big. The financial revenue in 2003, Pearl River Delta was 84.803 billion Yuan, occupied the 64.46%, of the entire province, and this figure grew more 10.3% than 2002. The East wing was 4.231 billion with growth of 6.52%, the West wing 3.767 billion with growth of 13.96%, the mountain area 5.066 billion only occupied the entire province's 3.85% with a growth 14.2%. As from the absolute volume, the mountain area financial revenue was only 5.97% of Pearl River Delta.¹⁹⁾

Fifth, the living standards of residents are very different from one area to another area. The personal savings is resident's surplus in the daily life; to a certain extent it reflects resident's living standards and the wealthy degree. At the end of 2003, average per person surplus of savings, Pearl River Delta amounted to 46100 Yuan, compared that of 2002 growing 17.9%; the East wing is 6700 Yuan, the West wing 5500 Yuan, the mountain area only 4300 Yuan, less than Pearl River Delta's 1/10.²⁰⁾

Sixth, there are many uncoordinated conditions of the development among areas. First, the large-scale infrastructural facilities are uncoordinated. It mainly displays in the layout, the trend and the construction time priority. For example, many international airports in Guangdong domestic lack the division of labor and cooperation with each other, the using efficiency of some airports is very low (for example Zhuhai Airport using efficiency is only 6-7%); the city infrastructure construction and the selection of the regional traffic equipments are inconsistent with the developmental design of each city. Thus, the progress grows slowly. Various cities act according to their own financial resource and decide the facility and the construction time selection under its administration. Relying on their won resources, some cities cannot complete quickly, and investment cannot get the repayment. Second, the layout and the industrial adjustment of the entire province industry are uncoordinated. On one hand, the industrial structure in

17) Zhou Yi, et al. (2005) "Research on Building the Scientific Developmental View and Promoting Guangdong Regional Coordinate Development", in *Bluebook of Guangdong Economy, 2005*, edited by Guangdong People's Government Development Research Center, Guangdong People's Press, p.13.

18) Ibid.

19) Ibid.

20) Ibid.

A Preliminary Research on Globalization and Chinese Social Rich-Poor Gap

various cities of the entire province is seriously similar. This causes low level repeated construction and competing for the similar project and the limited resources are unable to be concentrated. The industry technical level is not high, among various cities the complementarily industrial structure has not been able to form. On the other hand, there are large differences in its comparative industrial structure and advantages among different regions. The increase in value proportions of the 1st, 2nd and 3rd industry in 2003 compared with that in 2002 was respectively 4.49:49.77:45.29 and 4.15:52.38:43.47 in Pearl River Delta. The primary industry proportion drops, and occupies the proportion of the national economy less than 1/20, the second industry rises slightly, the service industry slightly drops. The same data in the East wing is 16.854:6.15:15.37 and 15.78:47.42:36.8, the West wing 27.74:36.92:35.34 and 25.38:39.42:35.20 and mountain area 30.01:37.14:32.85 and 28.43:38.21:33.36. Obviously, the primary industry in Pearl River Delta accounts only for a much smaller proportion than other areas; the 2nd and 3rd industries are quite developed. The mountain area industrial structure is backward; the primary industry proportion closes to 1/3, the 2nd and 3rd industry development is slow.

The reasons that cause the economic development of Guangdong various areas to be not very coordinated and the gap between the rich and the poor enlarged are various. There are not only the historical reasons and practical reasons, but also the administration problems of the entire province and the initiative efforts by different regions vary.

In history, the Pearl River Delta is not only a highly centralized area of Guangdong cities, but also has a comparative advantage of natural resources. And it has also been a comparatively developed area of marketing economy. Cities here include the central city Guangzhou in South China with 2020 years in history, ancient county Foshan, Chinese democratic revolution forerunner Sun Yat-sen's hometown Zhong Shan City and four Cities in Jiang Men, which are famous for being hometown of overseas Chinese (including Taishan, Kai Ping, En Ping and Xin Hui, Heshan City become the five later). The reasons why industry and commerce in these cities developed early and flourished include: First, they had some contacts with outside early and some of them became famous foreign trade harbor in Ancient and Modern China. In addition, overseas Chinese businessmen invest here extensively. As to the rural area here, they belong to the Pearl River Delta with fertile land, proper climate, rich agricultural products and many immigrants living in Hong Kong and Macao who keep in touch with rural people frequently. Almost every family has its oversea siblings, so they can not only get economic favors but also have open ideas and receive new things quickly and many of them have the deeper thoughts and experiences of marketing economy. All mentioned above decide this area to be a comparatively growing and flourishing, better-off advanced in history.

Looking back other areas outsider of the Pearl River Delta which include

Guangdong's East and West wings and the mountain-area in North Guangdong being far away from central cities, due to their inconvenient communication facilities, these areas are not easy to receive new concepts and economic ideas from the central cities. Except Chaozhou and Shandou, these areas belong to the closed county and mountain areas which mostly restrict their economic growth with comparatively very bad natural resources. There are fewer people migrating from these places to Hong Kong and Macao. Their investment, relief and donation to their hometown are comparatively limited except a few Chaozhou and Shandou wealthy businessmen in Southeast Asia and Hong Kong. In addition, continuous war, disasters from both nature and human lead these areas to poor and underdeveloped state.

China's reform and opening up to the outside world are becoming deeper and expanding. Being the forefront of the country, Guangdong is no exceptional. Guangdong's economic developmental process to open up to outside world is expanding from one point to the whole area, from the coastal areas to the mainland, from the Zhu Pearl River Delta to the all province. In the first three special economic zones (Shenzhen, Zhuhai, Shantou), two locate at Pearl River Delta. Shenzhen is directly adjacent to Hong Kong, and Zhuhai is directly adjacent to Macao. But Shantou is at corner, which is far from Hong Kong and Macao. "A water-front pavilion gets the moonlight first". Shenzhen and Zhuhai benefit from their favored geographical location with the businessmen from Hong Kong and Macao can easily carry out their investments here by passing the Luohu Bridge and Gongbei Port. Actually, even before the reform and opening up to outside world, many peasants from Dongguan had settled in Hong Kong and became small owners. By the tendency of reform and opening up to outside world, they came back to their hometown. From the start of "three comings and one complimentary"²¹⁾, Dongguan was becoming a manufacturing base gradually form a better investment environment than other areas. In order to further improve its investment environment, the Pearl River Delta launched the policy of the Economic Development Zone. It vigorously develops transports and communications facilities whose purpose is "road through, bridge throughs and property through." With the influx of foreign investors around the world, the Pearl River Delta has a proliferation of factories and goods, which makes Dongguan a notable manufacturing, importing and exporting base quickly.

Compared to the Pearl River Delta, except the Shantou Special Economic Zone and Zhanjiang city, Guangdong East and West wings and northern mountain areas were still silent and unknown during 1990s. For they are far away from center cities, Hong Kong and

21) It means "processing with coming supplied material, assembling coming parts supplied by clients, processing with coming customer's samples and compensatory trade".

Macao, and they have worse transportation and communication and these discourage foreign investment.

Due to the different historical background, different process of time priority and degree of reform and opening up, different areas' ability of seizing developmental opportunities of economic globalization in Guangdong, different situation of meeting challenges, Pearl River Delta is much earlier to open up to the outside world. Thereby it firstly caught up with the train of the international economy and joined the manufacturing and industrial chain of Hong Kong and Macao. It is also the first one to step on the industrialization and modernization process. Other areas, particularly the mountain areas can only sigh. It is fortunate enough for them for not being completely excluded and marginalized by economic globalization.

Generally speaking, the Pearl River Delta's natural and material foundation is relatively favorable and its leaders and the ordinary people are relatively open-minded. They dare to think, speak and take action. They are willing and easy to exchange and cooperate with foreign investors. In contrast, The East and West wings and large mountain areas in Guangdong have relatively poor material conditions, people's minds there are somewhat conservative and do not have strong entrepreneurship. Although they have the desire to change their poor conditions, they lack of sufficient internal motivation.

Objectively speaking, the huge economic gap between the Pear River Delta and other areas in Guangdong contribute both the unreasonable provincial government's strategic coordination with too much preferential to the Pearl River Delta and neglecting other parts (especially in infrastructure construction and the layout of large-scale projects) and foreign investors' (including Hong Kong, Macao and overseas Chinese businessmen) no sufficient understanding of other areas outside of the Peal River Delta and their low enthusiasm to invest. Those causes lead to these areas not fully participating in the international division of labor and international competition and missing many developmental opportunities.

IV. Guangdong's counter-measures and achievements

In order to reduce the economic developmental disparity and promote a balancing development of the whole provincial economy, Guangdong has done massive works and has made certain progress since the mid-1980s particularly in the mid-90s. The specific measures of Guangdong are summarized as following:

First, Guangdong government promotes the leaders' exchange system between the advanced areas and the less advanced areas. The leaders from the developed area are assigned to the less advanced areas to take the chief leading position, so they can "pass on

their expertise”, which helps the less advanced area to liberate their mind, renew their ideas, understand the situation clearly thus taking the appropriate action, and to build their confidences. Meanwhile, the provincial Chinese Communist Party School of Guangdong plays an important role to arrange the cadres from all areas to carry on the rotational training, to organize different regional cadres to study together. This study broadens their mind and vision, exchange their successful and failing experienced mutually, and progress together. This enhances cadres’ quality and forms invisible and formidable forces which help to promote the entire provincial economic development especially for the less advanced areas.

Second, Guangdong government increases its investment efforts and improves the invest environment. In order to get rid of poverty and to be prosper as soon as possible in the less advanced areas Guangdong Provincial government and related Departments expand their investment efforts and increase the financial distribution for less advanced area unceasingly in the recent years, carrying on the social fundamental construction vigorously, and mainly develop the communication facilities of transportation and water and power supply. At present, the transportation networks of Guangdong’s less advanced areas are extended in all directions and the facilities in airport, harbor, and telecommunication are becoming consummate day by day. The facilities of road, water, telecommunication and information in mountain area are all improved. Different levels of highway longer than 6000 kilometers are basically extended to counties and town city. Most of the mountain areas are enjoying “the internet in the town, the information in the village”. The East and West wings are taking the key projects for constructing the highway, the railway and the harbor to promote their transportation infrastructure. The social basic infrastructures are improving day by day which optimizes their invest environment greatly and strengthens the attraction to the external investors.

Third, Guangdong government increases the investment efforts and gives more independent rights to less advanced areas. Since this year, all levels of Party committees and the local governments in Guangdong support the development of the undeveloped areas and issue several documents one after another, which includes “Jointly Collaboration to promote Industrial Shift between Mountain areas, Two Wings And the Pearl River Delta”, “Speeding up County-level regional Economic Development by the Chinese Communist Party Guangdong Provincial Party Committee and Provincial Government”, “Speeding up Development in Mountain areas” and “Measure for Promoting County-level Regional Finance”. Especially in 2005, the Guangdong Provincial Government released “Lists by Guangdong Province Government to Authorize to Expand the Administration Power in County-level Government” and gave the county (city) more independent rights and the decision-making power. This authorization to County-level government is

important for them to take more initiatives to expand companies' dynamics, the project examination, the resources allocation, and to coordinate their relations with related Departments in the government.

Fourth, the less advanced area is encouraged to establish their industrial transfer parks to receive and continue Pearl River Delta's industrial transfer. There exists two clear developmental levels between the Pearl River Delta and its peripheral areas. On the one hand, the Pearl River Delta area's traditional industries are facing the limitation of land, water, energy, environment and especially the labor force resources. The pressure of the industrial renewal promotion is getting bigger and bigger and the Pearl River Delta is facing new opportunities in international industrial transfer. On the other hand, the peripheral areas around the Pearl River Delta are urgently eager to speed up their industrialization, so there is the possibility for the less advanced areas to receive the Pearl River Delta's old industries. So far, the Pearl River Delta and the mountain areas and two wings areas have held many technical conferences to discuss and help the latter to build the industrial transfer park. For example, Guangzhou is more than 60 kilometers from Qingyuan, and two places have been connected with highway and the Beijing-Guangzhou Railroads. In recent years, depending on the Pearl River Delta's industrial transfer, Qingyuan speeds up its local economic development greatly. Moreover, in recent years, big Pearl River Delta and Pan-Pearl River Delta (9+1) are strengthening their economic cooperation. All the Guangdong less advanced areas locate at the jointing places between Pearl River Delta and other provinces which is the necessary way for people and goods. This favorable geographical location between Big Pearl River Delta and the Pan-Pearl River Delta brings bright prospects.

Fifth, less advanced areas can make full use of their regional advantages to develop local industries with their own characteristics. The East and West wings and mountain areas are rich in resources in Guangdong. There are not only mountain area resources and land resources, but also marine resources and human resources in this region. We can take full use of local forests, water, fisheries, natural beauty and ecological environment to develop a number of industries with local characteristics, such as agricultural processing trade, eco-tourism and so on. After the development of these characteristics industries, particular in tourism industry, they will have a major attraction for the visitors which not only from Pearl River Delta, Hong Kong and Macao, but also from all over the country and even the world. For example, Qinxin of Qinyuan city, makes full use of local tourism resources and the characteristics of agricultural products, developing to be "the outstanding tourism country of China", "the Hometown of Orange in China", "the bamboo village of China", "the black goose village of China" and "the Hometown of Black Watermelon".

Sixth, Guangdong government is engaging in the project of helping the poor knowledge people, training and providing qualified personnel to the less advanced regions. The key problem of these regions is the shortage of knowledge people. In order to handle this problem, Guangdong province implements "The project of helping the intellectual poor" and "millions of rural youth skills training project" to promote the transfer of surplus rural labor force nearby. At the same time, Guangdong implements the activities of "Thousands of government officers serving in the rural", choosing 1000 government officers to serve in rural areas. In addition, Guangdong uses the method of "award replace subsidies" and provincial financial solution to reconstruct the incentive mechanism of rural government officers, to stabilize the rural government officers, enable them to walk into the grassroots in rural areas and make positive contribution to the construction of "new countryside".

Seventh, Guangdong government gives concern to the people who lived in the countryside and solves their problems by the project of "One protection and five difficulties". Guangdong Provincial CPC Committee and the provincial government are putting issues of the rural masses, their most direct and most practical livelihood needs on the high agenda. They are concentrating the manpower, materials and financial resources to resolve the problems such as the minimum protection of rural life, the masses' difficulties in getting drinking water, difficulties in traveling, medical care, education, housing by "One protection and five difficulties". To the end of 2006, under the dynamic management of the provincial government, there were about 1.34 million people who had achieved the aim and basically solved the problem of drinking water for 1.8 million people. The road construction project in towns covered 71.4%, new-type rural cooperation to achieve full medical coverage reached 61.5%. From the autumn of 2006, the first one in China that put free compulsory education into practice in rural areas launched in Guangdong and 10.25 million students throughout the province had been exempted from miscellaneous expenses. The province has completed the implementation of the rural housing program and the renovation of dilapidated buildings tasks more than 110,000, accounting for the renovation of dilapidated buildings tasks 73%.²²⁾ Among them, the poorer Western Guangdong Yunfu City has done quite well. By the year of 2005, the living minimum protection of the rural difficulty residents should be ensured as much as possible. The number of people who fit to those all conditions was 51,693 for applying the relief. The problem of drinking water of 18 million people has been solved. In 2006, the city totally finished the house transformation, accounting for the task's 67.4%. The progresses for solving farmer's medical care were remarkable. The farmers in the new rural cooperative medical project came to 1.639 million covering 91.1% of its populations, which

22) *Guangdong Annual 2007*, p.112.

was much higher than the goals set by the provincial government. Free compulsory education was put comprehensively in rural areas. From the autumn of 2006, the total of 414,000 students at their stage of compulsory education in rural areas is free of charges. 1899 kilometers' high way transformation has been completed accounting for 90 per cent of the total task. The vehicle can go through every country now. All levels of the government have invested a total of 20.56 million Yuan and 7748 good things have been done.²³⁾ As for Yunfu's outstanding achievements of "One protection and five difficulties", the Guangdong Provincial CPC Committee and Government held a special meeting to encourage other cities to learn from Yunfu on December 6, 2006.

Eighth, Guangdong Government is widely mobilizing farmers and different social strata to actively participate the construction of the new countryside. The Guangdong Provincial Party committee and Government at all levels are advertising the spirit of "industrious, self-reliance and helping each other" through the public education which aim to encourage farmer workers to go to work and construct their happy homeland. At the same time, they also encouraged the community to support other area and social communities including the financial circles, the private owners business community to participate the socialist new rural reconstruction of Guangdong's two wings and the mountain area. By the end of 2006, the fund of "three rural issues" in Guangdong has reached 230.66 billion Yuan, the peasants' loan 33.93 billion Yuan, and the agricultural industrial commercial loan 143.77 billion Yuan. The entire provincial private enterprises invest the new rural reconstruction fund to the amount of 10.3 billion Yuan.

Through the above all sorts of measures and policies, there are emerging a sea change and great transformation in the East and West wings and mountain areas in Guangdong.

First, the general spiritual outlook of the cadres has changed greatly, and there are full of the ideological renewed concept and the vigor of the self-confident striving and the solidarity to construct the new countryside.

Second, the growth rate of economic development speeded up, the total quantity increased and people's living standard has been distinctly promoted.

Third, the establishment of industrial transfer promoted manufacturing industry as well as usage of the local resources for supporting their characteristic industry around the project of "a town one product". Statistics indicate that 67 counties (cities) in the two wings and northern mountain areas completed the total output value of 466.45 billion Yuan with growth of 15.0% than last year. They completed the scale industry amounting to 100.147 billion Yuan with growth of 27.5%, which is 9.2% faster than the whole provincial

23) *Guangdong Annual 2007*, p.664.

growth rate. The county's general budget reaches 15.056 billion Yuan with growth of 25.34% which is 4.9% faster than the average growth rate in China.

In addition, the modern agriculture in these less advanced areas achieves vigorous development. The two wings and the mountain areas locate at the subtropics climate with great potentials to promote their market competitiveness through the development of modern agriculture. At present, the agricultural constructions in these areas are becoming learning models and are expanding their influences. In order to adapt the requirements of industrialization and urbanization, Guangdong Provincial Party Committee and Government are proposing the large projects focusing on arable land which will promote the farmland standardization, agriculture mechanization, planting and cultivation optimization, products marketization and services socialization. All these measures raised the level of Guangdong agriculture construction effectively, improved the advancement of agricultural industrial production and promoted the agricultural efficiency and farmers' living standard.

Moreover, village plan and the improvement are strengthened. Based on the principle of "Province administration needs to arrive the county, city administration needs to arrive the town, county administration needs to arrive the village" proposed by Guangdong Provincial Party Committee and government, the systematic different levels of village improvement guidelines have been released, in which plan to finish 90% of villages' plan-making and 70% villages' improvement work by 2015. The key point of the improvement plan is to pay special attention to the villages' "five reconstructions" (i.e. to reconstruct the water, closet, room, road and kitchen stove). It developed series activities such as judging civilized village, hygienic village, safe village, civilized household in the entire province to help the countryside to step on a healthy way. The two wings and the mountain areas in Guangdong began to carry on those works and showed full vitality.

Last but not least, through the implementation of project titled "farmers' heart" and by solving the "one protection and five difficulties", the social insurance system in less advanced areas is being complemented, the situation tends to be stable and the social order becomes better day by day. The project from harmonious village to harmonious towns and cities to the harmonious Guangdong are advancing comprehensively.

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