

Breaking new ground: economic integration and regulatory transformation in China's Greater Bay Area

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*A project funded by the Social Sciences &
Humanities Research Council of Canada (2021-2026)*

Development plans for China's Guangdong-Hong Kong-Macau Greater Bay Area (GBA) promise to "break new ground" by way of an unprecedented program of innovation-driven economic integration for a multi-city megaregion of more than 70 million people, with a GDP exceeding that of Canada. One of the most ambitious region-building projects the world has ever seen, the GBA plan anticipates a new model of interurban integration spanning the "two systems" that separate the Special Administrative Regions (SARs) of Hong Kong and Macao from the rest of China, three currency zones, and three legal, tax and regulatory regimes.

The GBA is currently one of the most economically dynamic regions in the world, being deeply and reciprocally integrated into global supply chains and financial circuits. But it is far from a region "for itself," currently occupying an in-between scale of governance, far from Beijing, with contested and divided regional leadership. The aspirations to "integration" and "coordination" therefore coexist with a challenging bundle of socioeconomic contradictions, institutional disjunctures, and political risks.

Seeking to capture positive-sum synergies between the fast-growing urban economies of the Pearl River Delta, led by Shenzhen, and those of Hong Kong and Macao, the GBA plan strives to overcome institutional frictions, duplicative competition, and (implicitly) socio-political tensions, under the sign of an overarching development template. This sets the stage for the "new" region to become a laboratory for regulatory experimentation and novel recombinant forms of innovation-intensive growth.

While in both geopolitical and geoeconomic terms the GBA may be "too big to fail," it faces formidable headwinds in the form of deeply embedded "two systems" differences, coupled with entrenched conditions of local protectionism and interurban competition, instability in the world trading system, and undercurrents of social and political tension. In regulatory terms, the GBA occupies an "inter-order" state and unstable frontier zone of the rising China, the site of an open-ended encounter between varieties of market-led and state-guided economic development, positioned within an increasingly volatile and contentious geopolitical environment.

Stereotypically, the emerging GBA might be portrayed as a clash of systems (state vs. market), or a war between opposing varieties of capitalism (liberal-market vs. state capitalism), but these formulations do insufficient justice to the complex and mutual adaptations that have long been underway on both sides of these so-called divides, or to the open-ended nature of so many (current and emerging) projects of reform, restructuring, and recalibrated governance,

many of which blend corporate, governmental, public and private interests in new ways. The task for researchers is therefore more than a matter of getting the labels right or producing empirical descriptions of emerging trends.

This SSHRC-funded project posits that the GBA region is positioned on the cusp of a momentous and historic shift beyond the “one country, two systems” settlement, but embarking on an uncertain journey. The GBA is a heavyweight, “cross-boundary” region, that is mixing and matching “orders,” “systems,” and “regimes,” often in ways that exceed or confound existing templates, labels, and concepts. In this context, the “Breaking new ground” project approaches the GBA as both a substantive political-economic challenge and a theoretical-methodological puzzle: in a liminal, non-equilibrium state, the region is in the throes of an indeterminate transformation of potentially world-historical significance for models of governance and pathways of economic development.

Together with a postdoctoral fellow, to be appointed after September 2021, the coinvestigators have the benefit of working with a network of locally-based collaborators and advisors. The project will trace, in real time, the uneven rollout of the region-making process in the GBA. Augmenting the “follow the policy” approach, the research program will *follow the project*, approaching on the GBA as a moving terrain of regulatory transformation and as a scale-in-making, and sampling across moments of frustration and failure as well as realization and enactment. The project's objectives are:

- To track evolving discourses/practices of “integrationist” economic development, alongside “separatist” tensions, evaluating governance dynamics and baseline measures of regional-economic development;
- To interrogate the GBA's core mission—innovation-led integration—at the macroregional scale and by way of four embedded case studies, in collaboration with local research partners;
- To articulate and apply a “conjunctural” method of analysis, based on the “variegated capitalism” approach, with its concern to stress-test received categories of analysis on the moving terrain of real-time political-economic transformation.

In this context, the research program is animated by the following questions:

- To what extent, and how, are regulatory and policymaking capacities beginning to occupy and (re)organize at the “scale” of the GBA? (How) will the GBA become a region “for itself,” and more than the sum of its competing parts?
- What varieties of economic experimentation, institutional reform, economic statecraft, and innovative “marketcraft” are being practiced in the GBA region, with what implications for emerging spatial divisions of labor and pathways/models of development?
- How will Shenzhen, Hong Kong, and Guangzhou fare in contests for regional leadership, investment, and party-state favor, subject to their shifting positions in financial and producer services networks, technology markets, and political circuits?

The project will work with (and seek to develop) a conjunctural methodology, involving a commitment to work across scales of analysis (from the local through the regional to the national and global), while problematizing difference, heterogeneity, and (re)combination within the ambit of extended-case investigations. With this comes an obligation to historicize, situating contemporary cases, development projects, and planning initiatives with respect to their antecedents and enabling conditions. It is a matter of fact, not hyperbole, that the GBA exhibits the scale of a megaregion. Even as the simple sum of its parts, it exceeds not only the size but also the internal complexity of many countries. As such, it is not amenable to conventional forms of “encompassing” case-study analysis. In this regard, the GBA presents a (constructive) methodological challenge.

The research program seeks to establish a proactive watching brief on this frontier-zone of regulatory transformation, sampling developments that variously challenge, aggravate, reproduce or begin to transcend the region's interstitial condition, including experiments in economic governance, institutional innovations, major obstacles, and incipient crises. Following the precepts of the extended case method, the project will combine several qualitative modes of inquiry (expert and key informant interviews; participant observation at in-person and on-line events and meetings; archival, document, and discourse analysis; process tracing through policymaking circuits; institutional form analysis), supplemented with the collation and interpretation of secondary data on sectoral and spatial divisions of labor in the region, investment and financial flows, and demographic characteristics.

The research program will operate at, and between, two levels of inquiry: macroregional investigations and loci of concentration defined by four embedded case studies. At the scale of the GBA region, it will monitor and evaluate the rollout of plans, projects, and programs for economic integration, including (a) the collation, analysis, and mapping of secondary data on investment and employment trends, enterprise characteristics, (b) the collation and interpretation of development plans, along with their socialization and implementation; and (c) participant observation (in person or virtual) at GBA events, meetings, and fora, supplemented by a program of interviews (online, or face-to-face where feasible) with key actors, observers, and informants. This will be combined with ongoing theorization of the evolving regional governance structure, and shifts in statecraft and marketcraft.

In conjunction with these macroregional investigations, four embedded case studies are envisaged, each exploring a distinctive facet of the GBA's core mission of innovation-led economic integration. Beginning with a relatively open, exploratory mandate, the case studies will straddle internal borders and divides within the GBA, with a recurrent focus on three prioritized research sites: Shenzhen, Hong Kong, and Dongguan.

(a) *Innovation frontiers (创新前沿)*

This case study will track and trace the GBA's core mission of innovation-led integration by focusing on R&D-intensive developments that span the internal borders of the GBA, especially the advancement of university-industry partnerships and cross-border science-park projects represented by the Hong Kong-Shenzhen Innovation & Technology Park, and GBA-designated “Joint Innovation Areas,” including Zhuhai-Macau Cross

Boundary Industrial Zone, Hengqin New District (Zhuhai), Qianhai District (Shenzhen), and Nansha District (Guangzhou).

(b) *FinTech futures (金融科技)*

Financial technology (FinTech) is at the core of advancing technological innovation and making future global financial centers for the GBA. Pump-primed with venture capital and policy stimuli, innovatory experiments in FinTech are poised to animate the interface between a sophisticated financial-services sector, centered on Hong Kong, and Shenzhen's information-technology complex, potentially realizing the synergistic aspirations in the GBA prospectus. Nevertheless, the GBA's FinTech futures are still deeply clouded, as recently testified by the dramatic nation-wide rise and fall of online peer-to-peer (P2P) lending, and the failed IPO of Jack Ma's Ant Group—the largest and most successful FinTech company in the world—and subsequent regulatory reforms.

(c) *Mobilizing talent (人才工程)*

Creative workers, or “talents,” are the favored worker-subjects of the knowledge economy. They feature prominently in planning documents, in the presentations of policymakers, and in the aesthetic of the GBA, while measures to attract, retain, and “incubate” talent workers proliferate (with notable programs led by Hong Kong and Shenzhen, but also by companies like Huawei and Tencent). High-profile initiatives, often tied to innovation projects and districts, have focused on the cross-border mobility of Hong Kong talents, but also significant are efforts to decentralize talent economies across the GBA region, beyond Shenzhen, to regions like Dongguan and Huizhou.

(d) *Digital precariats (数码民工)*

The GBA is one of the global frontiers of the digital platform economy, which in many cases is marked by new forms of competition, organization, and employment. This case study will focus on the necessary but less “visible” (and certainly less celebrated) worker-subjects of the GBA's innovation economy, the armies of digital laborers that work, typically under the intense supervision of algorithmic systems, in street-level occupations like courier services and rapid-delivery operations, as well as in other jobs in the on-demand economy. Many of these positions are filled by non-*hukou* migrant workers, employed under highly exploitative conditions.