

40th anniversary of China's reform and opening up

FOUR DECADES LATER...

The biggest story of the turn of the 21st century must be the transformation of China into the world's No. 2 economy.

Three decades of relative isolation, including 10 chaotic years during the Cultural Revolution of 1966-1976, had left the country backward and impoverished.

However, in the 40 years since China, under patriarch Deng Xiaoping, first embarked on reforms and opened up to the outside world in 1978, it has lifted more than 800 million Chinese out of poverty.

The Chinese people's lives have improved not only materially. They have also gained more civil rights and freedoms. The loosening of the *hukou* or residential permit system has meant that they are able to move freely in the country and go where the jobs are. But reform of the system is not complete, so migrant workers in the cities cannot enjoy the social benefits that permanent city residents do. The people's increased social space includes some leeway to practise religion.

But development has come without costs.

The harsh one-child policy, started in 1980 to slow down population growth and speed up economic development, has caused undue pain to couples who want more than one child. It has also led to a distortion in the gender ratio, a rapidly ageing society and a shrinking workforce that could threaten economic stability. The government has relaxed the policy, with families now allowed to have two children.

For decades, unfettered development have damaged the land, air, water and soil pollution so severe in some areas that the incidence of diseases like cancer and premature death is high. Uneven development of the different regions has also meant higher inequality and pockets of extreme poverty.

After 40 years of reform and opening up, there is also a sense that the government is tightening up control again – not only of the economy but also of the social sphere.

There is a certain anxiety over which way China will go in the decades to come, whether it will continue to liberalise its economy and society – or otherwise.

Still, the past 40 years have been nothing short of a miracle for the Chinese people in terms of the economic and social transformation that has brought wealth and some freedoms to them.

In the stories that follow, The Sunday Times' correspondents in China highlight some of the key policy changes and the transformations these have brought.

Shenzhen, city of opportunities

One of four special economic zones picked to be market-oriented hubs in 1978, the metropolis' GDP grew by 22.6% annually on average from 1979 to 2016



Danson Cheong
China Correspondent
in Shenzhen
(Guangdong province)

"So much has changed, you look around and there are skyscrapers everywhere."

Shenzhen was an experimental field for China's economic reforms which began in 1978. Then, the Nantou village where he lived – one of several that dotted the nascent metropolis – was criss-crossed by dirt tracks, which would become a wet slurry when rained.

Shenzhen was picked as one of four special economic zones (SEZs) along the southern coast to pilot market-oriented policies – the others being Zhuhai and Shantou, also in Guangdong province, and Xiamen in the nearby Fujian province.

Manufacturers, many from across the border in Hong Kong, came – attracted by tax breaks and the mainland's plentiful labour.

In four decades, Shenzhen has transformed from a collection of rural villages of 300,000 people, to a mega-city with an estimated population of 20 million, and a gross domestic product of 2.24 trillion yuan (\$544.6 billion), the third-highest for a city in China after Shanghai and Beijing.

CITY OF MIGRANTS

Shenzhen's success has been hailed by state media, but its fortunes were built on the backs of ordinary Chinese – migrants from all over the country such as Mr Xie, who took a chance and came seeking his fortune.

This diverse fabric is made plain in the "urban villages" within the metropolis like the one Mr Xie lives

in. In a single street, there are shops selling noodles from the north-western city of Lanzhou, Chongqing hotpot, and smelly tofu from central Hunan province. The city's lingua franca is not Cantonese like elsewhere in Guangdong province, but *putonghua*, or Mandarin.

Urban villages came about because while the city's officials acquired farmland for development, they left the farmers' residential land – their villages – alone. Farmers developed housing on these plots that they rented cheaply to migrants, providing much-needed affordable housing and other amenities to workers on low wages.

Mr Xie arrived in Shenzhen in 1992, the same year Deng completed his landmark Southern Tour of

time he gets a project. "How long will I stay here? I don't know, but I know in Shenzhen there will be opportunities, it just depends on whether you can grasp them," he said.

Millions of others thought so too, and they fanned into the city, where they fuelled the economic boom.

THE HONG KONG FACTOR

Another factor responsible for Shenzhen's success is its proximity to Hong Kong, from which it drew ideas, capital and technology.

This was evident in Shekou, the city's first free-market industrial area set up in Shekou.

"When the Shekou Industrial Zone was being built, its way of management and the talents that ran the place were from Hong

Kong," said Mr Brian Chen, who arrived at TAS, a social organisation that gives educational talks on Shekou's history.

The zone's founder, Communist Party cadre Yuan Geng, also learnt a thing or two about the free market when he was trying to get investors in Hong Kong to invest in the area.

"Shekou has a well-known slogan – Time is money, efficiency is life – the first part of the slogan is something Yuan Geng learnt dealing with investors in Hong Kong," said Mr Chen.

Professor Li Jinkui, senior research fellow at the China Development Institute, a Shenzhen-based think tank, noted that the days before reform began, Shenzhen was still a farming society.

It was a far cry from Hong Kong



Shenzhen's 'wet nurse'

SCAN TO WATCH

<http://str.sg/urbanvillage>

Shenzhen was an experimental field for China's economic reforms which began in 1978. Today, it is a booming mega-city of 20 million people, with skyscrapers lining the metropolis' Shennan Boulevard (left). ST PHOTOS: DANSON CHEONG

gies and capital rushed in like water and, coupled with the plentiful labour on the mainland, powered the growth of Shenzhen.

"Of the four SEZs, Shenzhen is the closest to Hong Kong, and this favourable position gave it a rare advantage," said Prof Chen.

These factors led Shenzhen's GDP to grow a ferocious 22.6 per cent annually on average from 1979 to 2016, and last year it grew 8.8 per cent, higher than the national growth rate of 6.9 per cent.

PRICE OF PROGRESS

But the city's progress has also left some people trying to catch up.

Madam Shen Xia, 38, who makes a living selling yellow wine in Nantou, said her rent has increased five-fold since she came to Shenzhen in 2001.

"The city is getting too expensive for migrants like me. If it keeps going up, I think I will have to go home," said Madam Shen, who is from Meizhou, another city in the same province.

Other migrants have also paid a price for helping build a city from nothing.

More than 600 workers from neighbouring Hunan province are petitioning the city's government for compensation. They had developed silicosis, an incurable lung disease caused by prolonged inhalation of airborne silica dust, when working on construction projects in Shenzhen.

Even so, the city has not lost its attraction – it continues to pull in people from all over China, these days often professionals in its technology or financial sector.

"Most of the people here are originally from elsewhere, so Shenzhen is inclusive. It's a city of young people from Beijing or Shanghai," said computer systems engineer Chen Yongbin, 28, explaining why he came to Shenzhen from Jiangxi province five years ago.

Mr Chen, who has two children, has put down roots in Shenzhen and said he intends to stay for the long haul.

The poet Lu Xun compared hope to a path in the countryside – where once there was no path, after people begin to pass, a way appears.

For 40 years, millions in China have been drawn south to Shenzhen by the economic reforms that began there.

The city might have once been a muddy country road, but for the efforts of Mr Chen and the millions of others who came before him, it is now a wide boulevard.

dansonc@sph.com.sg

Soul-searching over 'urban villages'



Baizhizhou is one of Shenzhen's about 230 "urban villages", and its largest. ST PHOTO: DANSON CHEONG

known as "handshake buildings" because residents of facing blocks are close enough to shake hands, have become a Shenzhen icon.

Singapore has gone through a similar tussle between preservation and redevelopment – colonial-era shophouses used to be thought of as rundown, but are now valued as heritage icons, the Singapore Heritage Society said in August.

Both migrants and Shenzhen natives interviewed by The Sunday Times felt that while conditions

should be improved, the original villages should also be preserved.

And efforts are beginning to be made to do so.

For instance, Shuiwei was once a rundown complex of 35 blocks with trash-strewn streets, but villagers, working with a developer and the government, rejuvenated the area. The blocks were renovated and painted in bright hues of orange and green. Elevators and linkways were built to join the blocks. There are cafes and bars on

the ground floor.

The area's rejuvenation has given it a young, hip vibe, said Mr Chris Lai, principal architect of D'Office, the firm behind the design.

"What are the ingredients of a good city? You can have the generosity of shopping malls and condos, or a place like urban villages where barriers to entry can be low and inclusive to people from all social layers," said Mr Lai.

Danson Cheong



One of Shenzhen's Huajiangbei electronic markets, where suppliers are packed elbow-to-elbow selling all sorts of electronic components.



Mr Zhao Wanqiu, a co-founder of robotics start-up Youibot, is one of the many hardware entrepreneurs drawn to Shenzhen. ST PHOTOS: DANSON CHEONG

Counterfeit goods capital morphs into innovation hub

Mr Zhao Wanqiu walks through the maze of stalls piled high with electronic components at one of Shenzhen's Huajiangbei electronic markets, where ideas can be developed faster than anywhere else in the world.

Hawking director Duncan Turner said in terms of speed, Shenzhen cannot be beaten.

"You've got expert suppliers, supply chains for all of the components, the ability to specialise in certain areas – if you need, he places an order for 10 of the tiny components – parts that will go into a new circuit board that is being designed.

"An hour later, it will be ready, and I can come and collect it," said Mr Zhao, a co-founder of Youibot, a Chinese start-up that makes robots.

This ease of obtaining virtually any electronic component isn't possible anywhere else in China, he said.

Mr Zhao is one of the many hardware entrepreneurs who have flocked to Shenzhen in recent years, drawn by the city's concentration of skilled suppliers, engineers, talent and ease of obtaining components. "We can conveniently and easily find parts and components we need, and so when we design new parts we can get them done quickly," he said.

Among the robots his company is building is one that can check bus tyres for punctures – a process which now requires workers toumont and examine each tyre.

The firm is one of four 40 start-ups that Hax, an accelerator for hardware start-ups, accepts each year. Hax is perched atop Huajiangbei Electronic World, one of a half dozen such malls in the area.

The accelerator, owned by American manufacturers honed their skills making copies in the noughties, sharing designs and improving on them.

"If we didn't have those years of imitation, it might not have been possible to achieve it so fast," said Mr Wu, now chief executive of MeeGofab, a company that designs and makes gadgets like mini-PCs.

Mr David Li, founder of the Shenzhen Open Innovation Lab – which helps connect hardware start-ups from around the world with Shenzhen's suppliers – compared the city's development to Germany's in the late 1800s. Then, Germany was copying superior products made in the United Kingdom and selling them on the cheap in the UK and Europe. It forced the British to come up with the "Made in Germany" tag so consumers could differentiate.

The city's transformation from a place once better known for knock-off iPhones and other counterfeit electronics into a hub for innovation can seem startling, but this journey has been years in the making.

The city's roots as a hub for manufacturing electronics began with economic reforms in 1978. Now, though, think-Made-in-China, you think Shenzhen, and among other things, makes Apple products. Over time it became the manufacturing capital of the world, with 90 per cent of the world's electronics reportedly churned out by the city's factories.

But growing out of this manufacturing power was a culture of shanzhai or counterfeiting, where manufacturers collaborated to make copies of expensive gadgets.

One of these shanzhai manufacturers was Mr Robin Wu, known in Shenzhen as the "shanzhai king" for being the first to make a copy of the iPad when it was released.

He said many engineers and man-

ufacturers honed their skills making copies in the noughties, sharing designs and improving on them.

"If we didn't have those years of imitation, it might not have been possible to achieve it so fast," said Mr Wu, now chief executive of MeeGofab, a company that designs and makes gadgets like mini-PCs.

Mr Abhishek Agrawal, from Singapore start-up Kinexis, which makes medical devices, finds Shenzhen's speed of growth mind-blowing: "Shenzhen is Singapore on steroids, things that would've taken me a month or two to do in Singapore I could finish in a day or two here."

Danson Cheong