# Independent Planning System and Public Administration in Metropolitan Development: Agglomeration Strategies of Greater Chaoshan in Southern China

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#### **Abstract**

This paper examines independent planning system as a means of public administration in regional economic development. It proposes a new strategy based on the theories of public administrative resources, to agglomerate and unify the cities of Shantou, Jieyang, and Chaozhou into a new administrative entity as a metropolis with the status of

independent planning and the preferred policies of a Special Economic Region to lead regional development. The optimal allocation of public administrative resources has played a key role in the fundamental economic development in China in recent years. The new administrative system of large cities (metropolises) with independent planning has become an innovative format to utilize the renewable soft resources of administration, which in fact is a new attempt to reform the economic system by the Chinese government. The greater Chaoshan area needs to be agglomerated and unified to further develop the regional economy with the implementation of independent planning system. The current research conducted from a practical and political point of view is of significant value to the overall planning and strategic layout of the economic and social development of the whole eastern Guangdong region.

**Keywords:** agglomeration, independent planning, greater Chaoshan area, public administration, administration resources

#### 1. Introduction<sup>+</sup>

The issues of public administration effectiveness have increasingly gained prominence in the macro-economic situation in most developed countries (Buleca and Mura, 2014). At the same time, regional development strategy and public administration has been one of the hottest topics among the Chinese scholars in recent years. Government administration actually involves institutional changes regarding governance. Institutional change is a process that reshapes an administrative district's original institutional arrangements and restructures interest distribution patterns. Different stakeholders play the game to maximize their own interests through the process, which will

ultimately lead to new institutions-agreements formation as the result of various related factors coming into play. The games involve relationships between different ideas of governance and between the central and local governments, as well as among local governments (Jin, 2007). Public administration is part of a wider sustainability culture change movement and is widely recognized as an environmental leader, advocating to other levels of government. As such, public administration plays a central role in adopting sustainable initiatives (Strengers, 2004; Williams *et al.*, 2011).

Recently, the Chinese central government announced that in order to further enhance the growth of the national economy it will let market power play the decisive role in allocations of production resources. The government also called on people to accept and understand the new normal in Chinese social and economic development. The core characterizations of the new normal have put forward challenges to government administration given the fact that the Chinese central government's new policies prefer market power to administrative power in allocations of production resources. However, letting the market play a decisive role in determining resource allocation does not mean removing public administration but rather means enhancing its role in policy decision-making at the upper level. Government administration has played a pivotal role in deepening economic reform, which, in turn, is conducive in improving the economic and social environment (Kerlinová and Tomášková, 2014; Zhang and Bai, 2015).

Public administration, comprising evidence-based policy and the results agenda, has become ubiquitous among policymakers in recent years (Taylor, 2014). It is significant to explore the plight and methods of public administration in the background of the new normal to form strategies to enhance governance capacity in terms of public administration, and to innovate modern technology for public

administration, and to actively build the implementation mechanism at the top level design and to restore the system of the core ethical values in government administration (Zhang and Bai, 2015). In the context of regional economic integrative development, local governments should adjust policy and institutional arrangements, transform government functions, and carry out the evolution of governing notions and methods, transferring from administrative-region management to regional public administration (Liu, 2010).

On the other hand, "resource" as an important concept in economics can be defined as the aggregate input effectively creating output in any economy. In traditional economics textbooks, land, capital, labor, and entrepreneurship are listed as the most fundamental resources for production (Hausman and McPherson, 1996). However, in broad terms, any material, energy and information which may be used to produce benefits in a foreseeable period can be categorized as a resource. As such, we argue that public administration functions as resources in economic development, which is supported by the fact that the Greater Pearl River Delta has gained substantial benefits because of effective regional government administration behind the economic development, which was termed as the foreign coordination model of regional economic development (Zheng, 2007).

Resources are characterized by effectiveness and scarcity. Starting from the meaning and basic characteristics of resources, we argue that the forces and operations of public administration, also termed as public administrative resources, are essentially an effective economic development resource, on the basis of which the management and administrative subject maintains or changes the specific social administrative and public administration system and order (Jin, 2007; Zhou S.P., 2004). Public administrative resources refer to the aggregation of the material and spiritual factors supporting the existence,

operation and development of the public administration system. Public administrative resources come from two elements of the administrative system: the structural element, which is termed the static framework of the existing system, and the process element, which is termed the administrative operation track of the system (Easton, 1989: 492).

Public administrative resources mainly include the government agencies of a country or a region concerning the administrative environment, administrative organization, leadership, legislation, enforcement, finance, supervision, and culture, as well as their economic functions and activities. As the principle of political economy implies, administrative resources mainly act to develop productivity, mobilize and reasonably distribute all the other resources to develop social economy, cultivate and maintain a stable, fair, democratic social environment, promoting the consistent harmonious improvement of the level of people's material and cultural life. Moreover, adaptation to continuous change also brings the view of administrative development more closely in line with economic analyses of the impact of changes in the economy. Economic changes in globallocal balances do not leave administrative resource intact (Bennett, 1997).

Public administrative resource is a broad and comprehensive concept which may not be directly measureable, while administrative management is measurable and single, making it an important parameter measuring the abundance of public administrative resources within a country or a region (Tian and Dai, 2012). Administrative management is a scarce administrative resource for developing countries, and how to realize its optimal allocation is an issue confronted by both Western economics and socialist resource economics (Yang and Pu, 1998: 10). The government should focus on providing public goods and services, giving play to the core and fundamental role of the market in allocating

resources systematically and institutionally. Leave what can be done by the market or the intermediary organization to the market or that organization, with the remaining done by the government (Yu, 2005). The advantages of China's public administrative resources are mainly reflected in the formulation and perfection of laws and regulations as well as effective intervention in the market economy by the government (Tian and Dai, 2012). Moreover, it is crucial to distinguish between the "environment of administrative institutions" and "arrangements of administrative institutions", but the institutional factors that represent barriers for the efficacy of other factors influence economic development (Rodriguez-Pose, 2013).

The logic behind China's rapid economic development within the last 30 years is a common topic of interest for economists. China's economic reform started from the late 1970s and early 1980s when the reallocation of public administrative resources changed the incentive structure in the economic system to improve efficiency and promote economic growth (Shi and Zhou, 2007). Theoretically, as a central administrative resource allocated to local government, independent planning has had a positive effect on the economic efficiency of cities in many aspects. For instance, local government is able to make use of the public administrative resources allocated to formulate strategies more appropriate to the local conditions, thus improving economic efficiency and social welfare. After the power is delegated, the cities may make decisions at their own discretion without referring to the provincial government, significantly enhancing administrative efficiency.

The reduction of management levels can facilitate information transfer, and further, facilitate quick and accurate economic decisions. The municipal government may allocate resources efficiently, so overall economic efficiency will improve with the implementation of independent planning. In addition, fiscal decentralization motivates local

governments to create wealth. Meanwhile, with the incentive of local official promotion, the delegation of economic power may be better used to promote the development of the local economy (Zhou L.A., 2004). Finally, from the rent-seeking perspective, the delegation of power, especially economic administrative power such as investment approval and foreign trade, lowers the regulatory levels and reduces the regulatory agencies, decreasing the cost of rent-seeking by the cities from superior governments, ultimately increasing social welfare (Shi and Zhou, 2007).

In modern China, independently-planned cities are most distinctly characterized by a budget directly linked to the central government, which will be divided between the central and local finances without payment to the provincial finance. Such an independent planning system undoubtedly adds renewable public administrative resources to the economic and social development of cities with independent planning, which will evidently yield more rapid development compared to their prior performances under the action of increased public administrative resources (Chen and Zhao, 2011).

The greater Chaoshan (潮汕) area consists of three cities, namely Shantou (汕頭), Jieyang (揭陽), and Chaozhou (潮州). Shantou leads the economic development of the east Guangdong (廣東) region and is the economic hub of the greater Chaoshan area; Jieyang is well known as the "jade capital of Asia" and "Chinese hardware base" ("中國不銹鋼製品之鄉"); Chaozhou is a famous hometown of overseas Chinese ("華僑之鄉"), the main export base of China ceramics ("中國瓷都") as well as a historical cultural ancient city. Moreover, Shantou is among the earliest of the coastal cities to have been established as a special economic zone since China's reform and opening up. Unfortunately, compared to other cities which have established special economic zones at the same time, such as Shenzhen (深圳), Zhuhai (珠海) and Xiamen (廈門), Shantou has not achieved

the same level of development. Currently, Shantou not only lags behind these cities in terms of its hard power, but also lacks a matching soft power, thus suffering from the resulting troubles and losses during development (Tian, 2011).

Examining the greater Chaoshan area, in order to revive its economy, the agglomeration of the three cities is a necessary choice second to none to make the best use of public administrative resources and maximize the effects of optimal resource allocation on economic development. Agglomeration economies are a broadly relevant phenomenon affecting many industries. There is heterogeneity between industries (Strange, Hejazi and Tang, 2006). José Lobo and Deborah Strumsky (2008) found that agglomerative features of metropolitan areas are more important determinants of metropolitan patenting productivity. Marius Brülhart and Federica Sbergami (2009) discovered that the consistent evidence supporting agglomeration boosts gross domestic product (GDP) growth to a certain level of economic development. In addition to the agglomeration, as the current research demonstrates, for the greater Chaoshan area, implementing independent planning is especially important in accelerating the development of its soft power, to effectively mobilize and integrate its surrounding administrative resource advantages to develop a new unified public administration system.

Centering on Shantou, the greater Chaoshan area should develop from an economic circle with one central city into a large economic circle with several central cities, and further into a large economic belt of cities. The implementation of independent planning will use public administrative resources to strengthen mergers and cooperation between enterprises, or expand enterprise scale by inviting investment, ultimately realizing the objective of releasing economic development vitality. Moreover, Shantou should give full play to its comprehensive

advantages of being a SEZ, a port, having much commerce and a favorable location, and the city should improve its internal and external openness, promoting reform, development and innovation (Zheng, 2011). There are especially insufficient larger industrial enterprises in Shantou, and the scattered small enterprises are unable to confront the fierce external competition. Therefore, as to the greater Chaoshan area, besides increasing internal funding and consolidating industries, external funding and technology introduction are also necessary. Independent planning has a significant effect in absorbing foreign direct investment (FDI), with the FDI per capita 1.5 times higher than if independent planning does not exist. It has been confirmed that domestic investment is indeed stimulated by inward investment (Deiffield and Hughes, 2003).

# 2. Dynamics of Independent Planning System in Economic Development

Resource allocation is one of the most fundamental issues studied in economics and public administration. Under China's existing public administration system, establishing cities with independent planning is a natural economic outcome according to the objective law that the production relation must conform to productivity. The administrative system of independent planning can raise the levels of the greater central city area and important coastal cities in the national macroeconomic management and economic system, strengthening the functions of key cities who participate in macroeconomic management, such that they are free from the traditional economic management system based on administrative blocks and levels. Although the evidence supports the perspective that decentralization improves economic efficiency, the agglomeration of connected administrative regions can also contribute to enhancing economic development (Shi and Zhou, 2007).

During its reform and opening up process in the recent past four decades, China has rapidly entered into the global market system by integrating the independent planning mode into the opening-up strategy, along with institutional reform and innovation, importing and exporting resources in large quantities (Fu, 2013). It is remarkable that the average GDP growth rate of those cities with independent planning system is roughly 5% higher than that of the national GDP growth rate (Zhang, 2014). As a method of effective government administration, independent planning system is an original form of exploiting public administration resources which is playing an irreplaceable role in the development of China's socialist market economy, and is characterized by streamlining administration and instituting decentralization as well as rectifying economic relations. Below, we will further probe the dynamics of independent planning system as a means of public administration in regional economic development.

### 2.1. Radiation Function as the Regional Economic Center

Urbanization has been a key element in the process of development (Bairoch, 1988). Urban areas generate 85% of GDP in high-income countries (World Bank, 2000), and the degree of urban concentration has positive impact on economic growth (World Bank, 2003). The formation and development of the economic circle of urban agglomeration pursue the following law: an economic circle with one central city develops into a large economic circle with several central cities, and further into a large economic belt of cities. Evidences show that there are dynamic gains from statically oversized cities, while agglomeration and urbanization is the engine of growth (Bertinelli and Black, 2004).

Along this line scholars put forward a new perspective of a comprehensive observation of regional and urban economic resource

endowments in order to make a reasonable strategic choice for regional and urban development (Li, 2011). Urban and regional development studies tend to focus on urban areas as the drivers of innovation and growth, with surrounding areas cast in a passive, residual role (Ward and Brown, 2009). Indeed, in China, independent planning significantly impacts economic efficiencies within and outside the province. Cities with independent planning absorb a domestic investment per capita of 940 yuan /  $\bar{\pi}$  (RMB,  $\Lambda$   $\bar{\kappa}$ ) more than their counterparts outside the province, and nearly double that of their counterparts in the province. Similarly, the difference in FDI per capita is around 1.5 times greater (Shi and Zhou, 2007).

In China, the Yangtze Delta economic circle (長江三角洲經濟區), with Ningbo (寧波) as the economic center of the south wing of Yangtze Delta, has become the sixth largest metropolitan economic circle in the world. The northeast economic zone (東北經濟區) centering on Dalian (大連) has also developed through economic model transformation and plays a positive role; the Western Straits Economic Zone (海峽西岸經濟區) centering on Xiamen is now starting to take shape; the Pearl River Delta economic circle (珠江三角 洲經濟區) surrounding Shenzhen is growing increasingly; and Qingdao (青島) has also developed into the core of the Bohai Bay economic circle (環渤海經濟區). Cities of the Pearl River Delta and the Yangtze Delta all are ranked among the top ten in the comprehensive evaluation of urban economic benefits, while for the Bohai Bay, only Beijing (北京) and Dalian are ranked among the top ten (Wen, 2011). The economic development of the Bohai Bay is currently at a stage of strong polarization, with each central city enjoying a higher degree of economic aggregation.

#### 2.2. Connecting Link at the Mesoeconomic Level

The macro-economy covers the whole national economy, while the micro-economy, based on the essential unit of economic operation (consumer and producer), is at the fundamental level of the large national economic system. However, regional economic agglomeration plays an increasingly integral role in the regional and the international economy at the mesoeconomic level. The "intermediary" nature of the mesoeconomy determines its functions of coordinating the operation of the macro- and the micro-economy, not only in executing and extending macro-control, but also centralizing and guiding micro-management (Yuan, 2003). As a typical representative of industry and business aggregation, cities with independent planning are based on the overall goal and the industry classification policy of the central government, focusing on economic structure regulation, guiding the development direction of economic behavior of enterprises mainly by economic interests, and optimizing industrial structure, product structure and enterprise organization, ultimately to improve the competiveness of industries.

It is suggested that the metropolises with independent planning have dominated the links of industrial economic development in China since 1990s (Deng, 2004) because spatial proximity is a positive force for economic growth (Martin and Ottaviano, 1999). Baldwin and Martin (2004) stress that due to the result of localized spillovers spatial agglomeration is favorable to regional growth. Krugman and Elizondo (1996) suggest that given the fact that domestic transactions are growing in importance and shorter distances can lower the cost of transactions, agglomeration matters more to closed economies than to open ones. Conversely, Markus Brückner (2012) suggests plausibly that exogenous shocks that differentially affect the return in the agricultural sector have a significant effect on the rural-urban migration decisions in Africa.

Meanwhile, there exist mutual restricting and promoting market mechanisms in addition to the allocation of public administrative resources in the economic circles of urban agglomeration. During different stages of its development, the agglomeration of economic and public administrative resources is dynamic. When public administrative resources match the market mechanism, the administrative mechanism will organize and promote economic resources as well as promote the development of the regional economy. Otherwise, the administrative mechanism will impede the development of the regional economy.

Accordingly, we argue that in the specific regional economic space, a corresponding allocating mechanism of public administrative resources is necessary to eliminate administrative barriers and to unify the regional economy. Otherwise, the smooth flow of economic resources is impossible and advantages between cities may not be complementary (Liu and Meng, 1999). The optimal allocation of public administrative resources realized through independent planning not only enforces the central leadership of the state in the economy, but also vitalizes local economic development, helping to organically combine planning uniformity and market flexibility, both macro- and micro-controlled.

# 2.3. Rational Productivity Distribution and Coordinative Development of Urban-Rural Areas

As the regional center and the joint point of industrial and geographical division of labor, cities with independent planning are both safe places for economic activities, and a form of economic organization with a function of organizing and managing the economy objectively. Such cities play a special role in realizing rational productivity distribution and the coordinated development of urban-rural areas. In the urban industry competitiveness ranking, telecommunication equipment

manufacturing is a significantly advantaged industry in Shenzhen which has developed an industry aggregate with national competitiveness and higher gross value added. In Qingdao, transportation equipment manufacturing has higher industrial competitiveness and evident market advantage, occupying a national market share of 2.2%. Petroleum processing, coking products and nuclear fuel processing is the most competitive industry in Dalian, Qingdao and Ningbo, with Dalian superior to Ningbo, and Ningbo superior to Qingdao. The financial sector is ranked first in Ningbo, Xiamen and Shenzhen with market and fundamental advantage, playing an important role in supporting and serving the rapid development of key sectors such as service and manufacturing industries. As to the service industry, Shenzhen is the most competitive, followed by Qingdao, Dalian, Ningbo, and Xiamen (Lei and Fu, 2012; Lei and Fu, 2015).

In short, with a series of advantages including connecting links, central radiation, rational productivity distribution and coordinated development of the urban-rural area, independent planning system is an effective measure to comprehensively develop and utilize public administrative resources as well as an agent which promotes the rapid development of regional economies. Consequently, the implementation of independent planning is an effective way to significantly promote the macroeconomic development of a city.

### 2.4. Empirical Analysis of the Effect of Independent Planning on Economic Development

Independent planning has enabled the economic development of certain cities in modern China to benefit from the combined effects of increased public administration and increased administrative resources. Since the independent planning of Chongqing (重慶) in 1984, there once were 14 cities with independent planning power. However, the number of these

cities has been decreasing since 1994, leaving only five (Dalian, Qingdao, Ningbo, Xiamen, Shenzhen) remaining. These five cities have developed rapidly after implementing independent planning, which has increased the GDP per capita by around 9.13% alone, clearly exceeding the annual national GDP growth rate, implying that the effect of independent planning on GDP per capita is larger than other conventional factors. The capability of absorbing domestic and foreign investment, urban infrastructure, regional radiation and regional influence are greatly improved after implementing independent planning system (Shi and Zhou, 2007).

Moreover, the competitiveness of a city is also substantially enhanced, as shown by comprehensive factor analysis of the economic benefits for 36 provincial capitals and cities in China with independent planning. Shenzhen is ranked first, Dalian second, Ningbo third, Xiamen eighth, and Qingdao eleventh. Meanwhile, Shenzhen enjoys obvious economic benefits due to its leading role, and scored highest for its resident living and industrial factors, followed by Xiamen (Lei and Fu, 2015; Sun, 2001; Wen, 2011). Based on previous studies (Shi and Zhou, 2007), this paper further examines the effect of independent planning by using GDP per capita as the dependent variable, and using the fixed assets investment per capita and the population of a city at the end of the year as control variables. The cities selected include five cities currently with independent planning, i.e. Xiamen, Shenzhen, Dalian, Qingdao and Ningbo, three cities removed from independent planning in 1994, namely, Xi'an (西安), Wuhan (武漢) and Nanjing (南京), as well as Chongqing which was removed in 1997. There are nine cities in total. Table 1 presents the descriptive statistics of key variables for major cities in China.

**Table 1** Description of Main Economic Variables for Major Cities in China

| Variable                           | Sample size | Mean    | Variance | Min.  | Max.    |
|------------------------------------|-------------|---------|----------|-------|---------|
| GDP per capita                     | 223         | 2676584 | 23562.35 | 357   | 115356  |
| Fixed assets investment per capita | 223         | 165.46  | 195.23   | 0.38  | 812.56  |
| Population at the end of the year  | 223         | 927.18  | 935.56   | 68.65 | 3452.36 |

Note: Data collected from RoyalFlush software.

Table 2 Regression Results for Cities with Independent Planning System

| GDP per capita                            | Coefficient | Standard deviation | P value |
|---|-------------|--------------------|---------|
| Log of fixed assets investment per capita | 0.6568      | 0.0150             | 0.000   |
| Log of population at the end of the year  | 0.0048      | 0.0325             | 0.856   |
| Existence of independent planning         | 0.1538      | 0.0635             | 0.011   |
| Constant                                  | 5.1854      | 0.2835             | 0.000   |

The data in this research is updated until 2015 with Assumption A: independent planning has a significant effect on GDP per capita. In particular, based on previous studies, this paper suggests: with the perfection of market economization, the market ability to allocate resources tends to be stable, and economic development is slowing down, and relatively speaking, the government's ability to regulate and control the market is increasing, which means the effect of public administrative resources allocation on economic efficiency increases. As a result, Assumption B is developed: the effect of independent planning on GDP per capita is larger than previous studies. Table 2 shows the specific results for the cities with independent planning system.

The final results show that independent planning has a significant effect on GDP per capita (p=0.011), implying that the reallocation of public administrative resources caused by independent planning has indeed greatly improved overall economic efficiency. At the same time, according to the estimation of updated data, the public administrative resources increased by independent planning system contribute about 16.07% to the GDP growth of each city, larger than the contribution rate (9.3%) of previous data, which is in line with *Assumption B*.

# 3. Economic Advantages of the Greater Chaoshan Implementing Independent Planning

# 3.1. Agglomeration of the Greater Chaoshan and the Necessity of Independent Planning

The Guangdong provincial party committee and provincial government attach great importance to the development of the greater Chaoshan area, and it was clearly pointed out that the goal was "to accelerate the development of the urban cluster in eastern Guangdong centering on Shantou" in the tenth party congress of Guangdong province, thus

establishing the regional strategy of developing the greater Chaoshan area with a focus on Shantou. Chaoshan in eastern Guangdong has historically enjoyed important strategic development. After the 18th National Congress of Communist Party of China (CPC), Guangdong provincial development strategy has identified further the strategic position of eastern Guangdong, which is the important provincial economic growth pole, a key portal to the outside world, a demonstration area for marine economy development and a characteristic city agglomeration suitable for living and working. In the Economic Development Program of Eastern Guangdong (EDPEG), it is suggested that as of 2015, the GDP of eastern Guangdong should reach 598 billion yuan with annual increase rate above 13%; the GDP per capita would be 34150 yuan. Meanwhile, the infrastructure, and people's living and the ecological environment will be further improved. At the same time, the EDPEG determined downtown Shantou as the center and Chaozhou, Jieyang and Shanwei ( 汕尾 ) as sub-centers, and the level of town development would be raised to construct a characteristic brandfamous city, and the agglomeration of "Shantou-Chaozhou-Jieyang" would be promoted to form an urban circle, realizing coordinated development of the urban cluster in eastern Guangdong.

It is clear that the three cities in the greater Chaoshan area have distinctive characters and respective advantages and disadvantages. Shantou, for example, is an important bridgehead of cross-strait cooperation and a hub connecting the Western Straits with the Pearl River Delta, possessing comparative advantages in cross-strait cooperation and cooperation between the Western Straits with the Pearl River Delta. Furthermore, Shantou is one of the central cities in the Fujian-Guangdong-Jiangxi economic cooperation zone ( ) with a unique "double platform" advantage, creating a favorable environment for the modern service industry development in

Shantou. High expectations have been placed on Shantou with more responsibility for driving regional development.

However, economic and social development of Shantou also faces serious challenges, such as its mismatching public administration and public administrative resources along with an unfavorable economic location, as well as unbalanced public administrative resources and economic social development, which are negative constraints to the long-term development of Shantou. We argue that independent planning as the means of effective government administration is an operational solution that can bring the potential of Shantou Special Economic Zone (SEZ), a city with convenient information and active commercial trade, to full play. Moreover, given the fact that Shantou is similar to certain cities with independent planning system, such as Xiamen, it is practical to implement independent planning in Shantou and later extend that system to the whole Chaoshan area, which will strongly contribute to the overall development of the agglomerated greater Chaoshan area.

Starting from the new strategic thinking of independent planning, the current economic aggregate of the greater Chaoshan area is much higher than Xiamen, equal to 1.24 times that of Xiamen and the permanent resident population is 3.8 times larger than that of Xiamen. As shown in Table 3, the economic development strategic position is as favorable as Xiamen; moreover, the strategic position of the regional economy will exceed that of Xiamen to a considerable degree after the integration of the greater Chaoshan area. As a result, upgrading the integrated Shantou new special economic zone to a city with independent planning is practically feasible and has decisive strategic significance in the economic and social development of the whole eastern Guangdong region.

**Table 3** Economic Data Comparison of Selected Cities in 2015

| City                | GDP<br>(100 million<br>yuan) | GDP growth rate | GDP<br>per capita<br>(yuan) | GDP<br>per capita<br>growth rate | Permanent<br>resident<br>population<br>(10<br>thousand) |
|---------------------|------------------------------|-----------------|-----------------------------|----------------------------------|---|
| Shantou             | 1850.01                      | 8.71%           | 33494                       | 7.84%                            | 552.37  |
| Jieyang             | 1890.01                      | 6.15%           | 31315                       | 5.44%                            | 603.54  |
| Chaozhou            | 910.10                       | 7.05%           | 33455                       | 6.72%                            | 272.04  |
| Greater<br>Chaoshan | 4650.12                      | 7.12%           | 33083                       | 6.67%                            | 1427.95   |
| Xiamen              | 3565.00                      | 7.00%           | 99455                       | 8.22%                            | 367.00  |
|                     |                              |                 |                             |                                  |   |

Note: Data collected from the statistical information websites of each individual city.

Eastern Guangdong is an important development pole of the province, and the greater Chaoshan area is the traditional political, economic and cultural center of eastern Guangdong, leading the development of eastern Guangdong in terms of the urban construction scale, economic aggregate, urban living environment, supporting infrastructure as well as education, health and culture. However, there is still much room for improvement. Tables 3 and 4 show that annual economic growth in the greater Chaoshan area is 10% to 16%. With the addition of the additional 3% to 6% brought by independent planning, it can be expected that the socioeconomic development of Shantou will experience radical changes in the following 20 years.

Table 4 GDP and GDP Growth Rates of Chaozhou-Shantou-Jieyang

| Year | Shantou                      |                       | Jieyang                      |                       | Chaozhou                     |                       |
|------|------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|
|      | GDP (100<br>million<br>yuan) | GDP<br>growth<br>rate | GDP (100<br>million<br>yuan) | GDP<br>growth<br>rate | GDP (100<br>million<br>yuan) | GDP<br>growth<br>rate |
| 2015 | 1850.10                      | 8.71%                 | 1890.01                      | 6.15%                 | 910.10                       | 7.05%                 |
| 2014 | 1701.81                      | 8.68%                 | 1780.44                      | 10.91%                | 850.20                       | 8.95%                 |
| 2013 | 1565.90                      | 10.67%                | 1605.35                      | 16.32%                | 780.34                       | 10.46%                |
| 2012 | 1415.01                      | 0.82%                 | 1380.15                      | 12.57%                | 706.47                       | 9.53%                 |
| 2011 | 1403.44                      | 16.09%                | 1225.86                      | 21.43%                | 645.00                       | 16.46%                |
| 2010 | 1208.97                      | 16.71%                | 1009.51                      | 23.70%                | 559.24                       | 9.61%                 |
| 2009 | 1035.87                      | 6.27%                 | 8160.92                      | 12.68%                | 480.18                       | 17.51%                |
| 2008 | 974.78                       | 14.67%                | 7242.33                      | 23.59%                | 438.08                       | 16.24%                |
| 2007 | 850.10                       | 15.29%                | 5859.93                      | 22.03%                | 372.80                       | 13.57%                |
| 2006 | 737.38                       | 13.21%                | 4802.22                      | 16.00%                | 320.72                       | 12.06%                |
| 2005 | 651.36                       | 7.88%                 | 4139.96                      | 7.31%                 | 282.39                       | 13.85%                |
| 2004 | 603.76                       | 14.57%                | 3857.80                      | 7.44%                 | 252.01                       | 10.40%                |
| 2003 | 526.97                       | 9.07%                 | 3590.69                      | 7.31%                 | 221.36                       | 6.15%                 |
| 2002 | 483.16                       |                       | 3346.08                      |                       | 200.51                       |                       |
| Mean |                              | 11.39%                |                              | 15.48%                |                              | 12.35%                |

Note: Data collected from the statistical information websites of each city.

### 3.2. Economic Advantages of the Greater Chaoshan Area

As aforementioned, the greater Chaoshan area includes Shantou, Jieyang and Chaozhou. Shantou, as one of China's five special economic zones, has been developing at high speed in recent years. Jieyang is located at

the Chaoshan plain in southeast Guangdong and borders Shantou to the east. Chaozhou, renowned as the "jade capital of Asia" and "China hardware base", is a famous hometown of overseas Chinese and an important tourism city as well as a main export base of Chinese ceramics. Further, its wood carving technique is one of China's two woodcarving systems. Table 4 shows the GDP and GDP growth rates of these three cities from 2002 to 2015.

Take Shantou as an example: Shantou's GDP has increased 47 fold and its urban area has expanded over 20 times its original area during the past 30 years; the general budget revenue of local finance has been raised more than 50 times with annual rate of 15.7%. The urban per capita disposable income in Shantou has increased at annual rate of 8.1%, gradually forming an economic pattern which features the coexistence and competing development of different types of ownership, and has preliminarily established an economic system suitable for the export-oriented development of the special zone. By 2016, the GDP of Shantou was reported to be over 260 billion yuan annually, and per capita GDP was reported to be 45200 yuan annually, slightly exceeding the economic levels of moderately developed countries. The "12th Fiveyear Plan" of Shantou sets an economic growth rate of 20% over the following five years as a goal, which is a very challenging one without special economic growth measures. The following discussion involves the efficient use of public administrative resources, which is the focal strategic direction studied by the researchers.

Shantou, Chaozhou and Jieyang, originally belonging to greater Shantou, have a natural basis for cooperation as to humanity, geography, society and economy with close governmental and non-governmental contacts and economic cooperation. The Planning for National Major Functional Zones explicitly identifies Shantou as the central city in eastern Guangdong, promoting the agglomeration of Shantou-Chaozhou-

Jieyang. The Development Planning for the Western Straits Economic Zone highlights a development led by Shantou and supported by Chaozhou and Jieyang, thus facilitating the urban agglomeration of Shantou, Chaozhou and Jieyang (*Shantou Daily* 5th edition special reports, 2012). The Reply of the State Council on Expanding the Shantou Special Economic Zone (State Council, 2011) also explicitly requires Guangdong and Shantou to be prepared for the overall planning after expansion. According to the intensive and creative development principle, the "industrial distribution" planning should be implemented to "work hard to shift the model of economic development", thus "promoting the sound and fast development of the eastern Guangdong region".

Currently, Shantou, Jieyang and Chaozhou, considered as individual economic entities, each owns specific positions in the greater Chaoshan area. As the leading city in the agglomeration of the greater Chaoshan area, the position of Shantou in the regional development pattern is further underlined; Jieyang and Chaozhou also find their future development directions and even their positions in the overall national economic development under the development idea of agglomerating the greater Chaoshan area, shown in the Table 5 (Lin and Peng, 2011).

### **4. Public Administration Resources and Development in Greater Chaoshan**

Above all, we argue that Shantou should become agglomerated with Chaozhou and Jieyang, seeking the approval of the central government to agglomerate three cities into a new administrative region which will be covered by the favorable policies and legislative power currently possessed by Shantou SEZ, thus expanding the economic advantage of Shantou SEZ to make the whole greater Chaoshan as a SEZ with

**Table 5** Development Orientation and Industry Positioning for the Four Cities in Eastern Guangdong (Chaoshan)

|          | City<br>orientation  | Development<br>Strategies  | Industry<br>positioning   |
|----------|--|--|---|
| Shantou  | Develop into the central city of eastern Guangdong region, a modern port city and ecological coastal city.                         | Vigorously develop<br>modern service<br>industry, enhance<br>the aggregation and<br>radiation function<br>of the regional<br>central city, build<br>the commerce,<br>finance,<br>information,<br>technology,<br>education and<br>culture center of<br>eastern Guangdong. | Accelerate the development of port-centered industries such as equipment manufacturing, ship repair and manufacturing, petrochemical processing and modern logistics. Prioritize the development of emerging industries including new material, biological medicine and culture creativity, transform and upgrade traditional advantage industries as textile and clothing, crafts and toys, electronic information and printing and packaging. |
| Jieyang  | Develop<br>Shanhai<br>commercial city<br>according to the<br>requirements of<br>"water city in<br>eastern<br>Guangdong".           | Vigorously develop<br>airport logistic<br>industry by virtue<br>of Jieyang<br>Chaoshan airport.  | Accelerate the construction of large petrochemical, large equipment manufacturing and energy projects, with a focus on heavy chemical industrial base. Prioritize the development of traditional advantage industries as hardware and stainless steel, mechanical equipment manufacturing, pharmaceutical and jade processing.  |
| Chaozhou | Develop into a famous historic and cultural city and modern riverside city with significant domestic and international influences. | Develop and grow cultural and tourism industry.  | Prioritize the development of biological environment protection, fine chemicals, warehouse logistics, optimize and improve traditional specialty industries as ceramics, food, hardware and aquatic equipment, develop an important and characteristic industrial base in Guangdong.  |

independent planning and sub-provincial authority of economic development management. Based on the above strategic thinking, we propose to develop and adjust the public administrative resources of the greater Chaoshan area in the following aspects.

### 4.1. Enhance the Development of Soft Power

Kroenig et al. (2010) argue that the term "soft power" is entrenched in the theory and practice of American foreign policy,. Scholars have not yet developed, or empirically tested, a theory about the conditions under which governments can use soft power to their advantage - and that makes effective policy especially difficult to design and implement. Combined with independent planning, an investment and positive migration policy should be introduced. We also suggest that educational development and personnel training should be prioritized. Shantou SEZ has only one university, Shantou University (汕頭大學), and one college, Shantou Vocational & Technical College ( 汕頭職業技 術學院). Including Hanshan Normal University (韓山師範學院), the entire greater Chaoshan area has only three institutions of higher learning, which is far from the development need. In particular, with the creation and implementation of the greater Chaoshan agglomeration, building new technological industrial development and talent cultivation bases in the greater Chaoshan area represents the general trend.

The establishment of colleges and other educational institutions is a long-term investment, requiring accumulations over a long period. Only if we bear in mind that education is the basis of progress and talent is the key can we grasp the opportunity and confront bigger challenges. Education will certainly benefit from the various conveniences brought by the above independent planning, since the economy, technology and education are interlinked and move ahead or step back altogether. We

must consider the strategic significance of independent planning from an overall perspective. To enhance and develop soft strength and power should become a rational and feasible choice facing most decision-makers for urban development (Wang, 2009). Accordingly, the underdeveloped soft strength becomes a barrier that obstructs SEZ construction and needs to be removed (Zhu, 2007).

In addition, the tourism service industry should be vigorously developed. After implementing independent planning, Shantou will be able to make an overall arrangement of the urban tourism resources of the whole city and even surrounding cities, driving the successive development of other industries, thus improving the overall development level of the greater Chaoshan area. The Chaoshan area possesses rather comprehensive tourism resources including the natural landscape, abundant cultural relics and certain tourism service infrastructure (Wang and Yang, 2012). Therefore, it would be advantageous to develop tourism (Ma, 2003). However, for various reasons, tourism in Shantou has been developing at a slower speed compared with surrounding cities. For example, when compared with Xiamen, Shantou greatly lags behind in this industry. Consequently, the tourism development strategies of the Chaoshan area must be formulated from several aspects, with the input, publicity, planning and policy measures optimized and improved.

### 4.2. Strengthen Infrastructure Construction

Better infrastructure construction helps to attract more direct investments, improving the efficiency of turning investment into output. Meanwhile, independent planning will attract even more investment with certain spillover and accumulation effects, which requires better infrastructure to increase investment return. Independent planning will enable Shantou to plan and integrate the surrounding infrastructure, raising the accessibility between cities. Additionally, the transportation

system is undoubtedly a weakness of Shantou. As a result, the construction of an urban express ring road must be initiated to build a supporting system for urban-rural agglomeration. As for the most fundamental communication media – bus, the docking between the public transportation service and central city of the greater Chaoshan area should be accelerated; at the same time, the rail lines should be increased, as the current handful of lines are really abnormal for a city. Moreover, ports are also an important transportation condition. Governments at all levels of the greater Chaoshan area should strengthen infrastructure construction, improve and optimize the hardware and software environment supporting production and living.

## 4.3. Reinforce Population Scale Development to Adapt to New Development Needs

Economists represented by Paul Roemer, Robert Lucas and Maurice Scott put forward the new theory of economic growth, which introduces knowledge and human capital factors into the economic growth model, and which argues that the accumulation of specialized knowledge and human capital can generate incremental revenue, enlarge total revenue, and finally improve labor productivity and physical capital productivity. The production theory points out that during social production, the mutual migration between migrants and local workers will promote the growth of marginal productivity. Theodore Schultz once estimated that after the Second World War only 20% of American agriculture growth could be attributed to physical capital investment, with the remaining 80% resulted from education and technology. In particular, he emphasized that the common fault of developing countries is the indifference to human resource investment. They are willing to generously invest in the construction of tangible buildings and equipment procurement, but stingy with human resource investment,

making the restricted labor growth a bottleneck for economic development (Schultz, 1990).

Taking Shantou as an example, we assume that the GDP of Shantou will reach 360 billion yuan as proposed in the "12th Five-year Plan" of Shantou in the following 5 years. The estimation is conducted on the basis that the GDP per capita then will be 45200 yuan, and the population growth rate will be higher than 8.75%, meaning that the population will reach 8 million, and the population of the greater Chaoshan area will be 21.19 million at the same speed. Irrespective of the perspective, in order to maintain a population appropriate to economic growth, the population growth rate of the greater Chaoshan area must be higher, which is difficult to be realized through the natural growth rate alone, so we must seriously consider the migration factor in socioeconomic development.

To this end, we suggest: 1) carrying out a positive migrant policy, 2) carrying out positive investment migrant policy, 3) carrying out positive technical migrant policy, all of which will increase the productive labor force, elevate the education level with same population density, absorb talented people with advanced knowledge, absorb quality and sustainable investment, and which will maintain a population appropriate to the economic growth. If the above three positive migrant policies can be implemented successfully, there will be tens of billions of construction funds and tens of thousands of young and skilled labors each year in Shantou, driving the GDP growth of the greater Chaoshan SEZ at least one percentage point higher. Hence, we suggest the decision-makers of the newly established greater Chaoshan SEZ take this into serious consideration when developing the specific policies and schemes concerning the migrants in Shantou SEZ.

#### 5. Conclusions

Public administration should maintain its role in directing regional economic development even though market power reserves its decisive role in the allocation of resources. The advantages of public administrative resources and independent planning are undoubtedly crucial to the long-term economic and social development of the greater Chaoshan area, especially with regard to its agglomeration strategy. Furthermore, research conducted from a practical and political point of view is of great value to the overall planning and strategic layout of the economic and social development of the whole eastern Guangdong region.

This research provides evidence that independent planning has a significant effect on GDP per capita. The results show that the public administrative resource reallocation facilitated by independent planning does greatly promote overall economic efficiency. More importantly, according to estimations with updated data, public administrative resources increased under independent planning system, and they contributed to the GDP of each city with independent planning in a marginal increasing trend. Meanwhile, after comparing Shantou, Jieyang and Chaozhou with Xiamen with regard to the economic conditions of a city with independent planning, this research argues that integrating Shantou, Jieyang and Chaozhou into the greater Chaoshan SEZ with independent planning is practically feasible, and has a decisive strategic significance in promoting the overall economic and social development of the whole eastern Guangdong area.

Based on previous studies (Tian and Dai, 2013), this paper demonstrates the necessity and feasibility of independent planning for the greater Chaoshan area and proposes specific suggestions from multiple perspectives, including the economic development practices of cities in China, with independent planning and including the strategic layout of the economic and social development of eastern Guangdong, as well as the economic and social development status quo of eastern Guangdong. Discussing public administrative resources as a kind of soft and renewable resources in economic development will certainly be an important focal point for future studies on regional economy. We also hope to conduct further, more comprehensive and systematic discussions and research in this area, offering advice on the agglomeration and development of the greater Chaoshan area, thus realizing a blueprint for the optimal development of the economy and society of eastern Guangdong.

#### **Notes**

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