

## Chapter 10

# From Backwater to Megacity: The Shenzhen Miracle and Its Ambitions

**Fu Faustina Yip**

*King's College London, UK*

**Kin Soon Lim**

*La Trobe University, Australia*

### **ABSTRACT**

*Shenzhen's emergence as one of China's first SEZ has come to serve broader socio-economic implications. The successful transition to a socialist market economy under Deng Xiaoping has since then seen the SEZ operating at a global scale in which other regions would later come to emulate. Through this zone, the development of this space for large-scale commercial and industrial activity would come to envelop an expansive influence capable of shaking up the global political economy. As the country modernized at an unprecedented rate, Shenzhen entered the stage of the technologically-focused. Facing pressure to conform to global standards, the city's current position as a hub for emerging innovations would face intense scrutiny as the country battles to uphold its responsibilities as a global power. Here, the authors discuss how the development of Shenzhen's SEZ from its initial inception has contributed towards in reforming and setting a successful model of standards for other regions. They delve into the SEZ has contributed in reducing pressing social disparities within the country.*

### **INTRODUCTION**

Since 1978's open-door policy, over four decades of phenomenal economic growth has given China much success, cementing it as one of the world's leading great powers. The world in 1978 was recovering and recuperating from the aftermath of World War II and the Cold War. The global geo-political landscape was shifting. For China, with a sizable low-cost labour force and expansive geographical area, it was an opportune time for then leader Deng Xiaoping to take advantage of the new international political order to pioneer the "open-door" policy in order to modernise the economy. At the forefront was Shenzhen, a

DOI: 10.4018/978-1-7998-7619-9.ch010

## ***From Backwater to Megacity***

once fishing village that has since fundamentally transformed its socio-political, economic, and cultural landscape to become one of the world's most successful economic hubs.

However, as much as the Shenzhen SEZ's successful implementation serves as a socio-economic model, issues of imbalance in the distribution of resources have also emerged. Disparities between regions and between demographics, inaccessibility of healthcare, inequitable income, and environmental degradation are some of the challenges faced by not only Shenzhen but China as a whole, particularly as the country continues to cement itself as a leading power. With the Shenzhen SEZ as model, China adopts reforms that tackle these challenges as a blueprint for its own social experiment, transitioning and sustaining itself as a leading socio-economic power capable of assuming more global responsibilities. In this chapter, we address the following questions: What has made the Shenzhen SEZ model so successful that it could change the entire socio-political and economic landscape within such a remarkably short period of time? What factors and characteristics pertaining to its success might be emulated by other emerging market economies? Using the Shenzhen SEZ as a case study, we seek to use a descriptive analysis to address these questions. We will systematically examine the relationship between various variables conducive to allowing an SEZ to be established and emerge in Shenzhen. By describing the process and impact, we contextualise these variables within an environment where policies have been implemented to form a system.

We first investigate the societal and institutional developments at both national and provincial levels during the Shenzhen SEZ's expansion in the context of the socio-political environment. Stemming from a top-down approach that has seen the Central Government take a pivotal role in initiating policies and environmental conditions conducive to economic expansion, this chapter will first provide a macro analysis of the Shenzhen SEZ and how the city's once undeveloped status was exploited as a testbed for policies, strategies, and, eventually, innovations. As China took advantage of a rapidly changing international geopolitical landscape, it adjusted its policies and spearheaded a new rhetoric of the global political economy, especially in the past two decades. The opening of Shenzhen's SEZ was perhaps also a response to the transition of external economic models into the region, and its ability to mobilise *en masse* with its sole goal of economic modernisation has been unmatched by other countries and territories, setting Shenzhen apart from other market economies.

The second section then looks into the stages of development of the city through a systematic examination of the expansionist and experimentalist policies that have transformed it from a fishing village into a manufacturing hub and, finally, a technological giant. The third section then discusses the challenges that have emerged because of this rapid development, and how Shenzhen plans and has planned to tackle them. The transitions of its economy are discussed via a new rhetoric that focuses on developing and sustaining a model that would reduce social disparities and improve the well-being of the environment and the people. Exploring the factors and characteristics of Shenzhen's success will help formulate a socio-ecological and developmental model for other under-developed or developing economies.

## **LITERATURE REVIEW**

Examining the early stages of development of not only Shenzhen's SEZ but, more widely, any economies, would show that, though a government might have its master plan, the actual developments rarely follow through on that plan. As early as 1987, Wong detailed certain criticisms and controversies related to the Shenzhen model, especially in relation to achieving its objectives and having over-reliance on its

18 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

[www.igi-global.com/chapter/from-backwater-to-megacity/291137](http://www.igi-global.com/chapter/from-backwater-to-megacity/291137)

## Related Content

---

### Influence of Special Treatment, Interactive Features, Physical Features, and Price on Customer Loyalty Restaurant Industry

M Mansha Tahir (2022). *International Journal of Circular Economy and Waste Management* (pp. 1-14).

[www.irma-international.org/article/influence-of-special-treatment-interactive-features-physical-features-and-price-on-customer-loyalty-restaurant-industry/306214](http://www.irma-international.org/article/influence-of-special-treatment-interactive-features-physical-features-and-price-on-customer-loyalty-restaurant-industry/306214)

### Corporate Response to Macroeconomic Shocks

Anitha Narayanan Nair (2023). *Future Outlooks on Corporate Finance and Opportunities for Robust Economic Planning* (pp. 99-114).

[www.irma-international.org/chapter/corporate-response-to-macroeconomic-shocks/319136](http://www.irma-international.org/chapter/corporate-response-to-macroeconomic-shocks/319136)

### A Transition to a Circular Economic Environment: Food, Plastic, and the Fashion Industry

A. Seetharaman, Manthan Shahand Nitin Patwa (2022). *International Journal of Circular Economy and Waste Management* (pp. 1-13).

[www.irma-international.org/article/a-transition-to-a-circular-economic-environment/288500](http://www.irma-international.org/article/a-transition-to-a-circular-economic-environment/288500)

### How Knowledge, Technology, and Project Management Processes in Brazilian Universities Help Innovation in Industry

Patrícia Pellegrino de Souza, Ana Carolina Calçado Lopes Martins, Tina Stutzman, Danilo Cançado Peixoto Pires, Elimar Pires Vasconcellos Renato da Silva Lacerda, Renato Ferreira Rodrigues de Macedoand Luz América Castiblanco (2015). *Economics: Concepts, Methodologies, Tools, and Applications* (pp. 93-113).

[www.irma-international.org/chapter/how-knowledge-technology-and-project-management-processes-in-brazilian-universities-help-innovation-in-industry/128486](http://www.irma-international.org/chapter/how-knowledge-technology-and-project-management-processes-in-brazilian-universities-help-innovation-in-industry/128486)

### Consumer Social Responsibility (CnSR) in the Circular Economy of Global Value Chains: What Does It Mean, and Why Does It Matter?

Guli-Sanam Karimovaand Stephen Arthur LeMay (2022). *International Journal of Circular Economy and Waste Management* (pp. 1-19).

[www.irma-international.org/article/consumer-social-responsibility-cnsr-in-the-circular-economy-of-global-value-chains/302207](http://www.irma-international.org/article/consumer-social-responsibility-cnsr-in-the-circular-economy-of-global-value-chains/302207)