

Research on Current Situation, Major Impacts and Critical Foresight of the Guangdong-Hong Kong-Macao Greater Bay Area Based on the Principle of “One Country, Two Systems”

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ABSTRACT

The Guangdong-Hong Kong-Macao Greater Bay Area (GBA) includes the Hong Kong Special Administrative Region, the Macao Special Administrative Region and the cities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province (nine cities in the Pearl River Delta), with a total area of 56,000 square kilometres, and is one of the most open and economically vibrant regions in China. The construction of the GBA is not only a new attempt to promote the formation of a new pattern of comprehensive opening in the new era, but also a new practice to promote the development of "one country, two systems". As the most open and economically dynamic region in China, it is of great significance to study the GBA. Based on the current reality of GBA, this paper attempts to analyse its main economic and political impacts: 1. Wealth distribution system of THREE TIMES 2. Economic growth and financial balance 3. The special historical and political characteristics of GBA 4. Adherence to the "one country, two systems" principle, and finally give the long-term forward-looking advice.

Keywords: Guangdong-Hong Kong-Macao Greater Bay Area (GBA); “one country, two systems”; world-class city clusters; value-identity.

1. INTRODUCTION

Since the Economic Reform and open up, Guangdong, Hong Kong and Macao have been carrying out inter-governmental cooperation and achieved fruitful results. It is the best choice to promote the Guangdong-Hong Kong-Macao Greater Bay Area as the fourth largest bay area in the world. Creating the GBA and building a world-class city cluster is conducive to enriching the practice of one country, two systems[1], furthering exchanges and cooperation between the mainland and HM (Hong Kong and Macao), providing more opportunities for the economic and social development of HM. In addition, it is also a significant way to maintain the long-term prosperity and political stability of Hong Kong and Macao. It is conducive to implementing the new development concept, deeply promoting the supply side structural reform, and providing support for the continuous enhancement of China's economic innovation and competitiveness.

2. BASIC INFORMATION ABOUT GBA

2.1. Background of the establishment

Since the reform and opening up, especially after the return of Hong Kong and Macao to the motherland, Guangdong, Hong Kong and Macao cooperation has been deepened, and the economic strength and regional competitiveness of the Guangdong-Hong Kong-Macao Bay Area have been significantly enhanced. The basic conditions of GBA for building an international first-class bay area and a world-class city cluster are already in place. The establishment of the Guangdong-Hong Kong-Macao Greater Bay Area has 4 core purposes:

a. Deepen the implementation of the innovation-driven development strategy and build an open-integrated regional collaborative innovation community, gather international innovation resources, optimize the innovation system and policy environment, and focus on improving the

transformation capacity of scientific and technological achievements.

b. Strengthen infrastructure construction, smooth external links, improve internal connectivity, promote the formation of a rational layout with functional, smooth and efficient infrastructure network, and provide strong support for the economic and social development of the Guangdong-Hong Kong-Macao Greater Bay Area.

c. Adhere to the people-centred development ideology, and actively expand cooperation in education, culture, tourism, social security and other areas in the Greater Bay Area. And jointly build a quality living circle with quality public services which benefit to liveable, workable and touristy lives.

d. Deepen cooperation among Guangdong, Hong Kong and Macao, further optimize the investment and business environment in the nine cities of the Pearl River Delta, enhance the level of market integration in the Greater Bay Area, fully dock with the international high-standard market rules system, accelerate the construction of a new system of open economy, create new advantages in international economic and trade cooperation, and provide strong support for the construction of the "Belt and Road".

2.2. The Development of the Greater Bay Area (GBA)

The "Guangdong-Hong Kong-Macao Greater Bay Area" has taken more than 20 years to develop from academic discussions to local policy considerations then to national strategies.(Table 1)

In 1994, the President of the Hong Kong University of Science and Technology, Wu Jiawei, proposed to build the Shenzhen-Hong Kong Bay Area.

On October 28, 2009, the relevant departments of the governments of Guangdong, Hong Kong and Macao jointly released the "Study on the Coordinated Development Plan of the Greater Pearl River Delta Townships" in Macao, proposing to build the Bay Area of the Pearl River Estuary, and jointly create a world-class township

In 2014, the Shenzhen government work report proposed to "build the Bay Area economy".

In March 2016, the "13th Five-Year Plan for National Economic and Social Development of the People's Republic of China" was officially released, which clearly proposed "supporting Hong Kong and Macao to play an important role in the Pan-Pearl River Delta regional cooperation, promoting the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and major cooperation platforms across provinces and regions.

The Framework Agreement on the Deepening of

Cooperation among Guangdong, Hong Kong and Macao to Promote the Construction of the Greater Bay Area was signed in Hong Kong on July 1, 2017, with President Xi Jinping attending the signing ceremony. Witnessed by Xi Jinping, Chief Executive of Hong Kong Special Administrative Region Carrie Lam Cheng, Chief Executive of Macao Special Administrative Region Chui Sai On, Head of National Development and Reform Commission He and Governor of Guangdong Province Ma jointly signed the Framework Agreement.

In November 2018, the Opinions of the State Council of the Central Committee of the Communist Party of China on Establishing a New Mechanism for More Effective Regional Coordinated Development clearly pointed out that the construction of the GBA will be led by Hong Kong, Macao, Guangzhou and Shenzhen as the centre, driving the innovative and green development of the Pearl River-Xijiang Economic Belt.

On February 18, 2019, the Central Committee of the Communist Party of China and the State Council issued the "Outline of the Development Plan for Guangdong, Hong Kong and Macao Greater Bay Area", and issued a notice requiring all regions and departments to earnestly implement it in conjunction with the actual situation.

Table 1. Policy timeline

TIME	PLACE	Document
1994	Hong Kong	Research on the Shenzhen-Hong Kong Bay Area
2009	Macao	Study on the Coordinated Development Plan of the Greater Pearl River Delta Townships
2014	Shenzhen	Build the Bay Area economy
2016	Center government	Guiding Opinions on Deepening Pan-Pearl River Delta Regional Cooperation
2017	Hong Kong	Deepening of Cooperation among Guangdong, Hong Kong and Macao
2018	Center government	New Mechanism for More Effective Regional Coordinated Development
2019	Center government	Outline of the Development Plan for GBA

3. EFFECTIVENESS AND IMPACT OF GBA

3.1. Shared prosperity

3.1.1. Wealth distribution system of THREE TIMES

The concept of the third distribution (the third distribution) was introduced by the famous economist Mr. Li Yining in the 1990s.[2] According to him, the income obtained by providing factors of production to the market is called the first distribution. The government then redistributes people's income obtained from the market with tax policies or poverty alleviation policies, which is the second distribution. The third distribution, on the other hand, refers to people's donations and transfers of income to each other entirely out of their own volition, such as donations to public welfare, which are neither market-based nor government-based, but are distributed out of moral force. Subsequently, this concept was gradually accepted by the academic community, and related studies grew, and was eventually adopted by the Party Central Committee's documents. The Guangdong-Hong Kong-Macao Greater Bay Area has become an important demonstration area for the third distribution.[3]

The government redistributes resources and wealth through taxation, transfer payments and equalization of basic public services to correct and compensate for the shortcomings and deficiencies of the market mechanism, so that the fruits of economic and social development can generally benefit all members of society. In the process of realizing common wealth in the Guangdong-Hong Kong-Macao Greater Bay Area, increasing taxation is an effective means to correct the excessive income of a few people; transfer payments play an obvious role in correcting the wealth gap between administrative regions; and in suppressing regional disparity and intra-regional wealth gap[4], the equalization of basic public services is the most basic measure for the Guangdong-Hong Kong-Macao Greater Bay Area. In addition, the GBA also promotes the standardization and quality of basic public services throughout the Bay Area, significantly reducing people's wealth expenditure.

3.1.2. Economic growth and financial balance

The common wealth must first be affluent. Historically, various social ideals have described the issue of distribution on the basis of highly developed material, cultural and technological development, but the total amount of wealth in China is not yet high enough, and the stage of development and wealth accumulation in general are not yet able to catch up with people's expectations for a better life, which determines that we must gradually achieve common prosperity in

development. Promoting high-quality economic development is the core of the development mechanism for sustained wealth growth, which is why it is important to make the GBA "a model for high-quality development".[5] One of the hallmarks of high-quality economic development is innovation-driven development. Innovation-driven development has opened up avenues for innovative wealth growth, and has provided a solid foundation for the realization of common wealth.

The Guangdong-Hong Kong-Macao Greater Bay Area is the frontier of implementing the innovation-driven development strategy, and its economic development model should be upgraded from factor-driven and investment-driven to innovation-driven. The innovation-driven development of the GBA is not the development of "administrative regional economy"[6], which is generally separate, but the integrated development of "cross-regional economy", which breaks through the inter-city boundary, different political systems and different tariff systems. The development covers the whole innovation value chain: integration of innovation factors, R&D and creation of innovation products, commercialization of innovation products and social utility. It is based on the industrial development layout of the whole Bay Area, taking into account the political characteristics, cultural features and resource endowment of the Bay Area[7], to consider and deploy the distribution and connection of all links of the innovation value chain, so that all cities in the Bay Area can make comprehensive efforts, collaborate and innovate, and jointly enhance the overall innovation capacity and comprehensive competitiveness of the Bay Area.[8]

3.2. Enhancing political stability

3.2.1. Adherence to the "one country, two systems" principle

The principle of "one country, two systems" is the most effective way to maintain the long-term prosperity and stability of Hong Kong, Macao and the Mainland, and is the root and political cornerstone of inter-governmental cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area. The relevant legislation on inter-governmental cooperation must be carried out on the basis of "one country, two systems". [9] First of all, the belief of one country should be firmly established, the governments of Guangdong, Hong Kong and Macao in the Greater Bay Area is always under a sovereign state inter-governmental cooperation, must take the leadership of the Central Government as absolute guidance, give full play to local initiative, initiative to promote inter-governmental cooperation and legislative work at the same time, there must not be any violation of the power of the Central Government, endangering national security,

not to use the high degree of autonomy of the Hong Kong and Macao Special Administrative Region to challenge the authority of the state Secondly, we should respect the differences under the "two systems" and fully understand the differences between Guangdong, Hong Kong and Macao in the political, economic and cultural aspects of the Greater Bay Area, with the division of labor and complementary advantages as the legislative goal of inter-governmental cooperation.

3.2.2. The special historical and political characteristics of GBA

The construction of the Guangdong-Hong Kong-Macao Greater Bay Area is a major initiative to deepen reform and opening up and promote regional cooperation. In the process of national reform and opening up in the new era, Hong Kong and Macao still have a special status and unique advantages, and can still play an irreplaceable role. Promoting the construction of the Guangdong-Hong Kong-Macao Greater Bay Area is conducive to deepening exchanges and cooperation between the Mainland, Hong Kong and Macao, and is important for Hong Kong and Macao to participate in national development strategies, enhance competitiveness and maintain long-term prosperity and stability.

4. CONCLUSION

Hong Kong is a world-renowned international financial center, and Shenzhen is committed to building a regional financial center city featuring multi-level capital market and venture capital, further strengthening the advantages of capital market and financial innovation, and building a financial cooperation with Hong Kong. Guangzhou will focus on building a regional financial center city with a focus on banking, insurance and wealth management, and strive to enhance the resource allocation and radiation capacity of the financial market. Macau is developing its special finance around building a platform for business services in Portuguese-speaking countries. If we give full play to our respective advantages and form a synergy, the Guangdong-Hong Kong-Macao Greater Bay Area will become an international investment and financing hub of the Maritime Silk Road. At the same time, it will provide a paradigm for the cooperation mechanism of one country, two systems.

Yet, the development of the Guangdong-Hong Kong-Macao Greater Bay Area also faces many challenges, including outstanding contradictions and problems such as overcapacity, imbalance and mismatch between supply and demand structures, and also covers institutional issues such as the level of market interconnection to be further enhanced. In addition, the regional development space is facing bottleneck

constraints, resource and energy constraints tightening, increasing pressure on the ecological environment, the gradual reduction of the demographic dividend and other challenges should not be ignored.

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