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ZHUAI/MACAU versus SHENGZHEN/HONG KONG

An exploratory essay on «transitions»
to the global market economy

1. INTRODUCTION

The central purpose of this paper is to compare the present situation of the two pairs of economies in the framework of the Pearl River Delta and the Guangdong province and to discuss some possibilities about the future relationship between Macau and Zhui. The subject is relevant not only at the local and regional level but also in the overall process of PRCs transition to the global world economy. We also intend to analyse, though only in a preliminary way, concepts like global market economy, and «transitions» in and to capitalism. (Murteira, 1996)

We take into consideration some results of a research project that we have been co-ordinating in collaboration with professors from the Zhongshan University and the Faculty of Business Administration from the University of Macau. We will also use contributions to a forum held last January at the Zhongshan University (Lingnan College), in Guangzhou about the economic perspectives of Macau in the Pearl River Delta framework, which was organised by the Eurasia Centre.

At present, Hong Kong is more influential in Zhui than Macau, in spite of the geographic proximity of the latter two territories. But the economic links between Zhui and Macau have been developing fast in recent years. On the other hand, infrastructures have been built quite independently. Perhaps the best or the most obvious example of the present lack of co-ordination is the simultaneous but independent construction of two new big airports, not very far from each other, one in Macau and another in Zhui, which started working last year.

In the future, Zhuhai and Macau could have a complementary, instead of a competitive, process of economic development for mutual benefit. Another possibility is the progressive domination of Macau by Zhui, Macau losing its relative autonomy and specificity. The role of the Chinese central power,

associated to Chinese business interests in Macau, may be a countervailing power in relation to Zhui.

A regional (provincial) strategy would be necessary to the harmonious development of the region, and to its more favourable positioning in the global market. The «case study» considered in this paper may also be related to a more general perspective: the analysis of the present working of the global market economy.

In this approach, we are interested in the inter-actions among four different «spaces»: the *global*, that is the world market economy as a whole; the *regional*, that is, the geographic subset of the relatively more integrated world economy, according to certain formal or informal rules or procedures; the *national*, that is the area where the formal power of the state is defined; the *local*, that is, a microspace defined by common interests rooted in a certain locus which are represented by specific authorities. This is the essence of the subject we are going to analyse in this paper.

It is divided into the following parts:

First, we consider some theoretical questions, as a conceptual basis for our analysis.

Second, we try to compare in some aspects the present economic relationships between Macau and Zhui, on one hand, and Hong Kong and Shengzhen, on the other hand.

Third, broad alternative scenarios for the future relationship between Macau and Zhui are considered.

Fourth, we will come back to the more general questions referred in the first part of the paper.

A few statistical data and other complementary information about Zhui and Shengzhen are presented in annex.

2. TRANSITIONS TO THE GLOBAL MARKET ECONOMY

Including, as it seems appropriate, PRC in the group of countries in transition to the market economy, about 2 billion people live in transitional economies and societies at present (Thurrow, 1996). They are coming from some kind of «real socialism», which means that their transition follows some unsuccessful experiment to find an alternative to capitalism.

The other part of the world, however, including the so called «Developed market economies», the «Least developed countries» (mostly African countries), the «New industrialising countries» (mostly Asian countries), and the remaining «developing countries» is also in a certain transition process. In fact, in one way or another, all those countries and economies are in transition

to some positioning in the emerging global (world) market economy. We can, therefore, ask:

What kind of «transitions» are occurring, beyond the surface of events? What are the specific characteristics of such a process at this stage of capitalist development? Can we formulate, even in a very broad way, the possible outcome of the process? Although coming from different economic and social systems, could we predict for these economies some kind of convergence in the future, in the frame of a more inter-linked and definitely unique world system? Or should we foresee, instead, some sort of rupture or discontinuity due to the increasing heterogeneity and inequality of that system?

That is the kind of basic curiosity that is behind our research, even if we, at least apparently, remain far from these problems in the present paper.

Without entering in a discussion about the relevance and meaning of the above mentioned categories of the countries — they are currently used, namely by international organisations like the UN network or the OECD — we need to consider those «transitions», in general, before looking at a very specific case occurring at present in South East China.

It must be remembered, however, two very particular reasons of interest in that part of the world: in the last years this region had the greatest rate of economic growth in a country where that growth was also exceptional in terms of world economic performance (about doubts on Chinese statistics, see Thurrow, 96); until the end of this century, that is, in a very short term full of uncertainties, Hong Kong (1997) and Macau (1999) will come back to Chinese sovereignty, and the question of its political as well economic integration in what has been called Great China is, in some important aspects, open to different possible outcomes.

The *global market economy* is the expression we use to refer the present and recent stage of the development of capitalism in History. Some authors, like the Brazilian Celso Furtado or the French Destanne de Bernis called it post-national or trans-national capitalism. We can characterise this stage, for the purpose of this analysis, as follows:

The main economic actors, that is, the transnational corporations, elaborate and implement strategies that are global, in the sense that they act in a borderless space, or in other words, in a space that is not limited or determined by national borders. They command productive systems, marketing policies, financial flows, human resources and information networks that are trans-national. In fact, it is said the TNC are *global players*, and as such they are *predominant actors in the process of capital accumulation at the global market level*.

This situation creates new relationships between the «world (global)» economy, the «regional» economy (a relatively more integrated part of the

world system, as the EU in Europe, or the Asia/Pacific region), the «national» economy (defined by the powers of the state, possibly *nation* state, as in Portugal or France), and the «local» economy (Zhuai or Macau, for instance).

These relationships are not stable, on the contrary, they change very fast, and even the direction of the change is often uncertain. In fact, there is a growing awareness of important areas of uncertainty in the present global process of accelerated change. This is true even in the case of a «de jure» and transparent process of economic integration, lasting for about forty years in Europe, the present European Union.

But it is also true for processes of «de facto» and hidden economic integration, as in the case of the Chinese networks present almost everywhere in the world, and particularly strong and active in the region that is our main concern in this paper (Naasbitt, 1995). And, in the Chinese case, another and simultaneous complex process of change is transforming the economic system, in the direction of a «market economy» but still very far from what is usually meant by those words in Western economies (see, for instance, Wang Xueming, 1996).

We are interested here in four different dimensions of this process of «transition»:

- The political dimension, that is, the structuring of power at the above mentioned levels — global, regional, national and local;
- The economic dimension, in terms of capital movements, firm strategies and technological innovation;
- Again the economic dimension but according to an approach we may call «global labour economics», say, in particular, the implications of the globalisation process for employment and unemployment at the four levels mentioned above;

The cultural dimension, here including values, ideologies, ways of behaviour particularly in what matters to entrepreneurs and managers, which has been called «economic cultures» (Redding, 1990).

Considering this, we assume the following hypotheses related to those different — although interrelated — «dimensions»:

- a) *The structuration of power at the global, regional, national and local levels, and the relative importance of those levels in terms of decision making process is changing, apparently with increasing importance of the «local» and «regional» (trans-national), and declining (but still relevant) importance of the «national».*

At the «global» level, let us say it just «en passant», perhaps we should add that a central power is missing, either in terms of formal or «de jure» power, as well as «real» power. We mean, to put it in a few words, that

the UNO is far from being a world government and that the USA, though still the dominant power in world affairs, cannot also play that role.

However, several actors — like the dominant state powers in the world economy, major international organisations, big TNCs — try to act according to their different «global» strategies, sometimes originating co-operative projects at the world level (like, for instance, the World Trade Organisation), sometimes entering in conflict (the case of relations between the US and Japan, for some reasons, and between the US and China, for other reasons). In the region of the world economy considered in this paper, there is a great complexity of «real» and «de jure» political powers which is hard to analyse and understand from a Western point of view.

In a schematic way, however, perhaps we could say that the «regional level» (in our sense above) means the PRCs central government, the «national» is equivalent to the provincial (Ghuandong) level, and the «local» is, for instance, Zhuai/Macau or Shengzen/Hong Kong.

In this very general perspective the balanced, and simultaneous, economic development and integration of the Chinese economy, maintaining the «Open Door» policy in relation to the world market, may have something in common with the process of building the European Union.

- b) In economic terms, the present working of the global market causes a greater than ever mobility of capital, information and technology. In this environment, states try to develop the «structural competitiveness» of their economies, that is, they try to create a favourable background to home based firms in order to increase their competitiveness in the global market. And, of course, they also try to attract foreign firms to invest, looking for the positive effects of their investment to the «up gradings» of the national economy in that market.

At the local level — within the borders of the nation state, or even, in some cases, crossing these borders, as in the inter-linked economy of Hong Kong/Shengzhen — something like what we said at the national level is also true.

Therefore, in one way or another, the strategies of all relevant economic actors are related to that search for «competitiveness» in the global market.

The point we intend to stress here, however, is simply the following: *given the present mobility of key productive resources — namely, capital, technology and information — regions, states and local authorities compete among themselves in order to offer the most favourable conditions to attract or «root» these resources.*

At the time David Ricardo elaborated his famous theory of comparative advantage, as an explanation and justification of international trade, the international economy of capitalism was, of course, quite different from this

global market we have been referring to. Only goods could move, not capital and other resources. From the «global» point of view, the «local» is important if it is well placed in terms of transnational investment, not just in terms of international «trade». From the «local» point of view, the «global» is important because it is at that level that it can get what it needs most: capital, skills, information, technology. What about labour economics in this global market?

- c) The collapse of the so called World Socialist System (that is, what was called the «Second World», something in between the developed capitalist countries, the «First World» and underdeveloped countries, the «Third World») determined, among other major consequences in the world economy, a quite different model for the insertion of «labour», as a productive factor, as well as a social actor, in the working of the economic systems, at the national level and, mostly, at the global level. That collapse was not the only explaining factor for that change, but it was surely one of the most relevant, as we will see.

As we said before, states and (intra-state) regions are looking for what is currently called structural competitiveness. This means, in short, favourable conditions to firms' investment in order to compete successfully in the global market. The local wage/productivity ratio is an important factor to reach that success.

Strictly speaking, every global investor is looking for the point in space — other things being equal, that is, the «coeteris paribus» condition — where productivity is greater per dollar paid to the worker. If capital and technology can move from one place to another faster than ever, the net result of this, in a world economy that was (and still is, of course!) very far from free competition, is a trend to raise wage levels in the most attractive (for TNC's investment) areas in terms of «structural competitiveness» and to lower those levels in the least attractive zones (even if the latter ones are situated in «developed» countries in North America or Europe).

If there are social and political obstacles to the reduction of wage levels in developed areas, employment will be more affected, as is currently happening in Europe, in contrast to the US, where the real wage has been declining since the beginning of the seventies (Thurow, 1996) and more jobs were created, compared with Europe.

On the other hand, unionism and labour movements are, everywhere, either losing power (as supporters of the governments or as opposition to those governments) or trying new strategies to survive — for instance accepting in one way or another, more employment — or less unemployment — as a compensation for reduced wages, direct or indirect.

It is also important to remember, that there was a time — just a few decades ago — when unionism and labour movements could seriously

threaten the «status quo», because many supposed that an alternative to capitalism already existed. There were cases of «real socialism» looking — or pretending to look — for some utopia in a distant future, even if such alternatives had much to be improved. This is not happening anymore, as we know.

We cannot develop this argument here: it is enough, for our purpose, to state that *labour, as a social category, is becoming a passive or residual agent in the working of the market global economy, even in the so called developed market economies.*

- d) A note about «cultures»: It is currently said that in present times, everybody is — or wishes to become — a «global consumer», from East to West and from North to South of the planet. The mass media, particularly TV, generalises a common pattern of demand, induces a global propensity to consume. Even if income inequalities may be again increasing in the West, particularly in the US, they may be decreasing in some countries of the East. We can say, at least, that hundreds of millions of Asians are now reaching a middle class status, with the corresponding consumption pattern (Naisbitt, 1996).

Traditional values, mostly transmitted to the new generations through the family circle, are losing importance, and the signs of a kind of global culture are emerging, in part under the powerful influence of the North American (real or virtual) «culture» in new generations all over the world.

Obviously, «local» cultures can resist and sometimes they are successful in their resistance, even if some individuals, acting as their militant defenders, do not hesitate to use violence and terror to that purpose.

In this matter, we assume that a global economic culture is also emerging. This means a trans-cultural process working in order to homogenise not only consumption patterns, but also management practices, personal goals, life styles, etc. wherever in the world. This is not, of course, a linear and peaceful process, on the contrary. Possibly, it is on this ground that the globalisation process meets most obstacles and enemies at the national and local levels. After all, what is in question is the identity of individuals and peoples.

3. ZHUAI/MACAU VERSUS SHENGZHEN/HONG KONG

As is well known (see the annex to this paper), the economic size of the latter pair of economies is much greater than the former. For instance, Hong Kong value of exports is roughly twenty times the corresponding value for Macau. But this kind of aggregate and conventional comparison may be misleading: the strategic and multifunctional role of Hong Kong in PRC's economy is very specific (Sung, 1991) and in fact it may be said that HK has been the main «door» of Dengs Open Door Policy.

On the other hand, Macau has great physical limitations: the present area of the territory is just 19 square kilometers for a population around 400 thousand people. However, this obvious asymmetry between the two pairs may also be misleading. Because it is not the present and transitional situation, observed from a static point of view, that must interest us: what matters is the discussion of the possible and inter-related developments of the present situation, at a critical stage of the political evolution of the region.

We will develop our analysis in the following steps (we have considered some of these issues in a previous article published in *Global Economics and Management Review*, 1/96):

First, we consider the possible lines of increasing co-operation between Zhuai and Macau, ignoring the rest of the region.

Second, we try to take into consideration the pair Hong Kong/ Shengzhen.

Third, we consider our subject in the framework of the Guangdong province.

Fourth, it is the «regional» space of PRC's economy that will call for our attention

1) The industrial component of Macau's economy was never strong and it is hard to imagine how it could increase in the future: the past industrial development of the territory was based on light, labour intensive industries well placed to export. Macau is a free port, and benefits from a most favoured nation treatment from EU countries. In the last years, however, industrial units have been transferred from Macau to Zhuai, because of the lower wage level in that Chinese special economic zone. In spite of the small area of the territory, it would be physically possible to increase the actual population, and, at present the supply of housing is greater than demand. In that case, the wage level could be reduced.

In fact, it seems that the recent, but now stopped, boom in construction in the territory was by far too optimistic about the evolution of demand. The present restrictive macroeconomic policy of the PRC's central government also had effects on Macau's economy.

In any case, the pressure from mainland Chinese to migrate, legally or illegally, to Macau has been until now contained by the Portuguese authorities, preventing social unrest in the territory. The economic future of Macau depends mostly on tertiary activities.

In these activities, we may mention the following separate categories of services: gambling and tourism; banking, financial and technical services to assist business development; education and R&D activities; development and management of basic infrastructures like ports, airports and telecommunications; cultural activities, like exhibitions, concerts, scientific congresses and meetings, etc. This last aspect seems to have great potential, even in strictly economic terms, because Macau is a pleasant and quiet place (at least in comparison to Hong Kong and Shengzhen) and well known worldwide as a unique point of contact between Western and Eastern civilisations. Taking into consideration those tertiary activities, the prospects of co-operation with Zhuai become meaningful.

Looking at the present economic structure of Zhuai (Lei Qiang, 1996), the following aspects are relevant, in our perspective: Zhuai has abundant resources in land and manpower. It developed, and still is developing, modern infrastructures, including R&D activities. It also fostered a favourable environment to tourism, taking advantage of the natural potential of the territory. The industrial development, with significant support from foreign investment, is in an advanced stage.

However, Zhuai lacks financing, high qualified manpower and high level training institutions. It also needs more developed capacities in terms of financing, information networks, contacts with the Western world. A more general problem, not specific to Zhuai, but common to other regions in China, is the lack of a clear and stable legal framework to support private firms investments and current activities.

On the other hand, Zhuai suffers from increasing competition from other areas in China (and in other Asian countries) to attract foreign investment and, therefore, needs to develop some specific «competitive advantage» in this perspective. This broad panorama suggests obvious fields for co-operation between Macau and Zhuai.

2) Comparing the two «pairs», Macau/Zhuai and Hong Kong/ Shengzhen, three things are obvious at first sight: The first pair of economies is much less interdependent than the second; Hong Kong is the dominating economic pole both in Shengzhen as in Zhuai.

De facto economic relations have been developing in the last years between Macau and Zhuai, but there is still not any kind of formal cooperation between the respective local authorities, differently from Hong Kong and Shengzhen. There are some more or less obvious explanations for the contrast in terms of economic cooperation between the two pairs.

One reason, in the case of Macau and Zhuai, is the complex process that is needed for contacts at the political level. Formally, Zhuai and Macau, cannot contact directly but only through the official channels of two independent countries, that is, Portugal and PRC governments. We were told by high level Portuguese officer in Macau, that already in 1992 Portugal proposed to the Beijing authorities some kind of economic cooperation between the two territories, but the proposal was not considered by the central Chinese power. It seems that now the time has come for a start of that cooperation.

On the other hand, for some reasons, possibly more political than economic, Chinese interests in Macau are much more related to Beijing, than in the case of Hong Kong, where Chinese interests are locally and regionally more autonomous and powerful.

It is also true that, from the point of view of provincial authorities (Guandong region), Hong Kong is by far, politically and economically, much more relevant than Macau. In a recent meeting we had with high level representatives of the planning commission of the Guandong province, the essential message we got about the economic future of Macau is the need to develop more links with Hong Kong.

As a matter of fact, some kind of aggressive competition between Macau and Zhuai emerged in recent years, and the case of the simultaneous construction of the two airports is an example of that situation. In this case, Zhuai local authorities even tried to boycott the works in Macau, which was only avoided by the intervention of Beijing.

From the point of view of Macau, it is easy to understand a certain fear that, in the future, the neighbour SEZ's interests could make Macau just a dominated complement of Zhuai's economy.

At present, however, there are some important reasons to increase the political relevance of Macau, with consequences at the economic level.

Some kind of comparison is inevitable between the transition of Hong Kong and Macau to Chinese sovereignty. Let us say, briefly, that the happy transition in Macau, in contrast to difficulties and uncertainties in the Hong Kong process, may be relevant to long term interests of Macau as well to the image of PRCs foreign policy.

3) Under the «One country, two systems» and «Open Door» policies, the Guandong province had a pioneer and determinant role and the exceptional economic growth of the region has been a concrete demonstration of the success of Deng's new strategy, started at the end of the seventies.

One aspect of this particular role of the Guandong province has been the degree of autonomy the Chinese central government conceded to it. (Wang Xuoming, 1996). But, in this regional framework, Zhuai SEZ also enjoyed a large autonomous power, apparently well tolerated by the Central

Government, obviously eager to show the spectacular results in Zhuai of the SEZ's experiment. The personality of the political leadership of Zhuai also played, surely, a determinant role.

The important point to stress, however, is the «trial and error» approach that seems to be behind the development of a strategy to reform the Chinese economic system (Overholt, 95).

There is, at the macroeconomic level, a kind of stop and go approach, Chinese way, that is far from reaching a stable and successful model of stabilisation macroeconomic policy.

Another key problem concerns privatisation of giant state firms, in general economically inefficient and causing, among other consequences, a heavy financial burden on the state budget. However, it seems that until now the conception of a specific «market socialism» in China has not been able to face the problem seriously.

On the other hand, the pioneer role of the SEZ is over, with the progressive generalisation of economic reforms and openness to the outside world of other parts of the Chinese territory.

Finally, there is again a need for a more balanced growth between coastal and inner regions of the country, which could mean the end to the priority given to coastal areas. It is also true that the growing size of the internal market in China, considering the overall fast growth of the economy, makes the internal as much as the «external» market relevant for foreign investors. Considering all this, it seems likely that the relative autonomy in economic matters of the Guandong provincial authorities in relation to the central Government is not going to be reduced in the future.

However, they may lose power in relation to intra-provincial local authorities, in particular those that are going to be set up in the two SEZ we consider in this paper, after the return of Hong Kong and Macau to Chinese sovereignty. It does not seem useful, considering all the uncertainties of the present global Chinese environment, to speculate about the future distribution of power at the intra-provincial level. But, it is true that, by now, it is urgent to develop some kind of economic cooperation between Macau and Zhuai, on one hand, and also in relation to Hong Kong and Shengzhen.

The obvious question to ask, then, is *what will be the effective role of the Guandong government* in the formulation and implementation of an integrated economic strategy for this region as a whole.

4) The future economic role of Macau (as well as of Hong Kong, of course) cannot be restricted to the Pearl River Delta region. There are, at least, three reasons for a more general perspective: With the new airport, Macau is well placed to develop contacts between PRC and certain regions in Asia (Pinto, 96). The first months of operation of the airport revealed a fast growth of

regional (Asian) traffic, particularly with Taiwan. If Macau is also well placed in terms of telecommunications, as well as financial services, it may become an important centre for business development between China and the outside world.

Gambling is going to continue in the territory after 1999 — as it seems to be the will and the interest of the Chinese Government. If the gambling industry is modernised, as it needs to be, after all, losing the sordid image it still has, and instead building a new image more appropriate to attract the ordinary tourist — this may be an important factor to develop Macau's tertiary activities, in combination with other historic and cultural specificities of the territory.

Thirdly, there is the possibility, with some protagonism of Portugal in that strategy, to use Macau as a privileged point of contact between the EU and China, not only in economic terms but also in education, research and cultural activities, «*stricto sensu*».

4. FUTURE RELATIONSHIPS BETWEEN MACAU AND ZHUAI

To speculate about the future relationship between Zhuai SEZ and Macau, we need to take into consideration the framework of the Ghuandong province and its relation with the overall Chinese political and economic system. Among the different sets of hypotheses we can imagine, we think that the following rough «scenarios» may be useful for an exploratory analysis of possible courses of events:

Case A:

Zhuai and Macau, although developing «*de facto*» economic interrelations are totally independent, even openly competitive, as «*de jure*» political entities. In fact, Zhuai tries to take advantage of Macau special links with the outside world, but without any formal cooperative relationship with its neighbour.

Case B:

«*De facto*» and «*de jure*» cooperative relationships are gradually developed for mutual and complementary benefit. There is an explicit economic strategy for the development of the Ghuandong province, which gives the appropriate framework to that economic cooperation. The specificity of the SEZ's economic systems is gradually disappearing, as all the Chinese economic system is moving in the direction of a market economy.

Case C:

Zhuai and Macau become more peripheral zones in the Pearl River Delta, as the economic growth of the region is mostly determined by the increasing economic integration of Guangzhou and Hong Kong/Shengzhen.

Unbalanced growth of the so called «Cantonese new industrialised economy» means, in this case, relative underdevelopment of the West Bank of the Pearl River, and long term decline of Macau, economically as well as culturally (in terms of preserving the cultural identity of the territory). In fact, case C may be considered just a variant of case A. However, for reasons we will refer later, we may mention the two cases separately.

It is obvious that, not only in what concerns the future changes of PRC's economic and political system, but particularly in that region we are considering, uncertainties are greater than in other parts of the world economic system. However, to say that short term uncertainties about Hong Kong are much greater than in the case of Macau may be misleading. Considering the relative size — economic and political — of the two territories, it seems likely that a great crisis in Hong Kong would surely have negative consequences in Macau, in a short as well as a long term perspective. This probably means that, after all, we are trying to guess alternatives for an unpredictable future.

However, our main concern is to try to evaluate possible futures of the region from the point of view of Macau/Zhuai, assuming of course that they have significant capacity to influence their own trajectories in the frame of Pearl River Delta and the Ghuandong province. Will they have that capacity, in fact?

From our three «scenarios» above, case B is the one where that possibility seems greater. The fact is of some relevance: that is, a cooperative relationship between Macau and Zhuai may be important in terms of greater conjugated strength to determine their own economic future in an uncertain context. On the other hand, it seems that, from the point of view of PRC's central power, Macau is much more important than its strict economic size could suggest. The recent past of the Sino-Portuguese relationships confirm that hypothesis, as well as the determination of Beijing to refrain Zhuai from hostile behaviour in relation to Macau.

This reasoning suggests the possibility and the need for an active policy for the coming years before 1999: that is, the explicit determination from the two powers — Portugal and PRC — in order to encourage the building of a co-operative environment embracing Macau and Zhuai. Tourism, finance, higher education and research are obvious areas for that cooperation. It may be said, against this kind of speculation, that the future relationship between Macau and Zhuai is more dependent on the global evolution of the Ghuandong region — in particular, the destiny of the so called «Hong Kong connection» from China — than on their mutual and deliberate strategies.

It may be so. But, in any case, there seems to be some considerable room for direct and active co-operation between the two territories, by the end of the secular Portuguese presence in Macao.

Coming back to our broad «scenarios», case A seems to be more in line with past experience. It may degenerate in case C, if Zhuai loses relative economic importance in the Pearl River Delta — because its competitive advantage, from the point of view of foreign investment, is declining in comparison with other areas inside or outside Chinese territory. For different reasons, Macau may also become more marginal, one possibility being its progressive domination by Hong Kong.

Considering now the possible economic relationships between Macau and Zhuai in a more general and abstract perspective, what is in question, after all, is the articulation among different «local» economic spaces in the frame of two different «regional» levels. One is the Guangdong province, with the demographic size of a relatively great European state like the United Kingdom, and the other is China, whose demographic size is much greater than the European Union — both spaces becoming more and more integrated in the «global» world economy.

5. FROM THE «LOCAL» TO THE «GLOBAL» AND VICE-VERSA

The great transformation occurring in the Chinese economic system since the end of the seventies is, among other things, a fascinating laboratory for the analysis of the on-going globalisation of the world market economy. The Pearl River Delta is, of course, a specific case of «regional» economy, including such a dynamic and strategic (to China as well as to the world level) economy as Hong Kong. The two «pairs» we have been referring to in this paper — one on the East Bank and the other on the West Bank of the Pearl River — are quite different in size as well as in degree and quality of inter-relations.

In the near future, the four components of the set we have been considering may have either more co-operative and organised trajectories or more independent and even conflictual evolutions. The complexity of this sub-set of the world economy has many — more or less obvious — reasons, and they are not strictly «economic», or «political» or «cultural». Precisely, the complexity comes from the deep inter-relation among economic, cultural and political ingredients of the transition processes taking place in Southeast China. Cultural factors, as such, may of course be important in some non cultural aspects (for instance, as determinants of specific management strategies or as ways of resistance to the globalisation process).

As we said at the beginning of this paper, the globalisation of the world economy has, among other consequences, a shift of economic (and political) power from national states to transnational organisations or networks, shift

more or less explicit in formal or «de jure» rules. Another consequence we have referred is the competition among local, national and regional authorities in order to attract resources like finance, technology, information, skills. In this process, however, some «locus» or «points» in space may have increasing autonomy, that is, increasing capacity to act in the «global» space, in spite of the existing intra-regional or national formal powers.

This multi-dimensional process of accelerated change has direct and profound implications on the labour market. In that aspect, labour plays a passive, even residual role — and this is not something specific to the Chinese experience, though, in this case, the «market socialism» banner could suggest a different approach to the problem of labour allocation in the working of the economic system. In the case of China, a huge flow has been reported of spontaneous migrants from less to more developed regions of the country (Overholt, 95). This fact may explain why the border between Shengzhen and the rest of China may look to the foreign observer much more real and effective than the border between Shengzhen and Hong Kong.

A fundamental interrogation comes to our mind, when observing these crude facts: are Hong Kong/Shengzhen working as ways to integrate the Chinese economy in the world economy, or is this world economy working, namely, through Hong Kong/Shengzhen in order to bring out the internal disintegration of the Chinese economy? Still recently we could observe a real «free» labour market in the neighbourhood of the Guangdong central railways station: unemployed workers coming from the inner country staying there, just looking for an opportunity to get a job or a way to survive. In this perspective, China looks like a gigantic simulation model of the present working of the world economic system.

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