Yunxian Chen

Foresighted Leading

Theoretical Thinking and Practice of China’s Regional Economic Development
# Contents

1 Introduction Foresighted Leading: Theoretical Innovations Based on the Economic Development in China .................................................. 1

1.1 Exploring the Logic Track of the Economic Development in China ................................................. 1
1.2 From Adam Smith to John Maynard Keynes ................................................................. 2
1.3 “Market Malfunction” and “Government Malfunction” .................................................... 4
1.4 Government Functions from the Perspective of Meso Economics ........................................... 5
1.5 Changing Roles from “Nanny” to “Guide” ........................................................................ 7

2 The “New Deal” in Shunde: Foresighted Leading Is Optimal Service ............................................. 11

2.1 Removing the Difficulty in Industrial Upgrading in Economically Demonstrative Regions .................. 11
2.1.1 Major Orientation in Industrial Upgrading: Coordinated Development of Three Categories of Industry ........................................................................... 12
2.1.2 Achieve Rapid and Healthy Economic Growth .................................................................... 13
2.2 The Triple-Three Strategy for Industrial Development ......................................................... 14
2.3 From “Wading Across the Stream by Feeling Stones” to Foresighted Leading ............................... 15
2.3.1 Turning In-process and Post-process Services into Pre-process Service ................................... 15
2.3.2 Exploring the Interactive Relations Between Government, Business and Society .................. 17
2.3.3 The Fundamental Strategy and Direction for Coordinated Development of Regional Industry ................................................................. 19
2.3.4 Be Expert Both in Strategic Planning and in Tactical Implementation ....................................... 20
2.4 The Implementation of the Triple-Three Strategy Assisted by Five Sets of Supporting Mechanism ............................................. 21
2.5 Coordinated Development Signifies Real Development .................... 24
2.6 Upgrading Industrial Pillar Lines and Locomotive Enterprises ............. 26
2.7 The “Five Phases” Regional Businesses Must Go Through ................. 28
2.8 Industrialization: Shunde Manufacturing Leads the Development of National Industry in China ..................................................... 30
  2.8.1 Shunde Deserves Accomplishments ........................................ 30
  2.8.2 Shunde Spirit Is the Most Valuable Resource for Shunde .................. 31
  2.8.3 “China’s Pride” Is the Philosophy of “Made in Shunde” .................. 32
  2.8.4 Products “Made in Shunde” Enhance Competitiveness Through Independent Innovation .................................................. 33
2.9 Urbanization: Shunde Aims Higher ............................................... 34
  2.9.1 Urbanization Is a Breakthrough for Shunde in Its New Round of Development .................................................. 34
  2.9.2 Shunde Positions Itself as a Core City on the Western Bank of the Pearl River .................................................. 35
  2.9.3 The Improvement of the Overall Quality of the City and Its People Comes Above that of Shunde’s Landscape ....................... 36
2.10 Internationalization: The New Engine for Advancing Development in Shunde ................................................................. 37
  2.10.1 Shunde Seizes the Opportunity to Integrate Itself into the World ........ 37
  2.10.2 “Two Engines” Push Shunde’s Internationalization Forward ........... 38
  2.10.3 Internationalization Should Be Implemented on Multi-levels and from Multi-dimensions .................................................. 39
3 Intelligent Foshan: The Road to Amalgamation of Industrialization, Urbanization and Internationalization via Informationalization ................................................................................. 41
  3.1 Intelligent Foshan: The Amalgamation of Industrialization, Urbanization and Internationalization via Informationalization .......... 41
    3.1.1 Culture Is a Strong Driving Force for Development .................... 41
    3.1.2 Quickly Adapting to the New Context of Development ................. 43
    3.1.3 The New Strategic Trend in the Transitional Phase ....................... 44
    3.1.4 Development Transformation Is Driven via Knowledge Transformation .................................................. 46
3.2 Restructuring Industrialization, Accelerating Urbanization, and Promoting Internationalization

3.2.1 Leadership Calls for Knowledge Transformation and Capabilities Enhancement

3.2.2 Reality Is the Starting Point for Innovative Thinking and Approach Selection

3.2.3 The Ways of Thinking Determine the Development Path

3.2.4 Enhancing Government Capability to Co-ordinate, Execute and Supervise

3.3 Cultural Antecedence in Constructing Intelligent Foshan

3.3.1 Culture Employed to “Civilize” People and Enhance Urban Cultural Intelligence

3.3.2 Culture Is a Key Force for Building “Intelligent Foshan”

3.3.3 Building Foshan into a City of Cultural Charm, Creation and Wellbeing

3.4 The “Foshan Road” to Transformation of Economic Development Mode

3.4.1 Strategy One: Double Transfers and “Emptying the Cage for New Birds”

3.4.2 Strategy Two: Launching Large Projects for Industrial Upgrading

3.4.3 Strategy Three: Advancement of Science and Technology and Self-initiated Innovation

3.4.4 Strategy Four: Establishing Industrial Highlands by Financial Means

3.4.5 Strategy Five: Implementing “Intelligent Foshan via Fourization”

3.5 Selecting Approaches to Transformation According to Development Stages

3.5.1 Development Modes Should Match Development Stages

3.5.2 Transformation Must Follow Development Trend

3.5.3 Foshan’s Uniqueness: The Foundation for Transforming the Mode of Economic Development

3.5.4 Remove Obstacles and Race with Time

3.6 Switching from Production Factor-Driven Mode to Innovation-Driven Mode

3.6.1 Great Efforts Are Exerted to Transform Economic Development Modes to Accelerate the Construction of Modern Industrial System

3.6.2 Implementing the Income Doubling Program for Rural Residents to Accelerate Urban-Rural Integration

3.6.3 Improving Public Wellbeing and Social Undertakings and Building a Harmonious Foshan

3.6.4 Institutional Breakthroughs to Enhance Development
3.7 Changing Ways of Thinking and Enhancing Knowledge Upgrading

3.7.1 Full Play to Be Given to Foresighted Leading on the Basis of Modern Thinking

3.7.2 Innovation in Personnel Training Helps Accelerate Knowledge Upgrading

3.7.3 Focusing on Economic Transformation and Learning Reinforcement in Official Promotion

3.8 Implementing Brand Strategies for Transformation of Development Modes

3.8.1 Brand Is the Most Powerful Economic Card of a City

3.8.2 Brand Consumption Has Become an Increasingly Globalized Trend

4 The Road and Direction of Economically Demonstrative Regions in China

4.1 Operating a City Means Managing It as Resources

4.1.1 The City Is a Kind of Resources

4.1.2 Managing a City as Resources

4.1.3 Operating a City Means Reforming Government Administration

4.2 Conventional Banking Tools and Modern Financial Regulation

4.2.1 Modern Financial Market Is Taking Shape in China

4.2.2 Understanding Finance from the Modern Perspective

4.2.3 Money Supply Should Take Common Funds of Money Market into Consideration

4.2.4 Open Market Operation Is the Main Approach to Macro-financial Regulation

4.3 Foshan’s Secrets of Successfully Breaking Out of the 2008 Financial Crisis

4.4 Taking Active Steps to Construct the Modern Industrial System

4.5 Optoelectronics Industry: The Newly Emerging Sector of Foshan’s Industry

4.6 “Predicament Release” Through Financial Innovation

4.7 The Shaping of Multi-level Capital Market System in Foshan

4.8 The “Foshan Experience” in Transforming “Three Outmodes” in China

4.9 “Bigger city”: The Growing Pain of the Economically Demonstrative Region
4.10 The Unification of Guangzhou and Foshan: A Master Stroke in Integrating the Pearl River Delta ........................................ 129
4.11 Perceptions from Visits to Hong Kong ........................................ 132
  4.11.1 Orientation Determines the Future ....................................... 132
  4.11.2 The Three Institutional Frameworks of Hong Kong Administrative System ........................................ 133
  4.11.3 Priority Given to Innovation in Economic Development .......... 135
  4.11.4 Much Space Remains for Promoting Pillar Industries .............. 137
  4.11.5 Scientific and Foresighted Urban Planning ............................ 138
  4.11.6 Environment Protection Goes with Tourism .......................... 138
  4.11.7 Great Prospects for Cooperation Between Guangdong and Hong Kong ........................................ 139

5 Meeting the Press: Let the Light of Capital Shine over Industrial Highland ........................................ 141
  5.1 CCTV2 Program Dialogue: Foshan, a Top-Notch Blue-Chip .......... 141
      5.1.1 Why Foshan Must Restructure and Upgrade Its Industry ......... 141
      5.1.2 Satisfaction with Minor Accomplishments Will Lead to Backwardness ........................................ 142
      5.1.3 How to Control the Risk of Merger and Acquisition ............... 143
  5.2 Guangzhou Daily: Knowledge Economy Is Contingent upon the Intelligent Mind ........................................ 144
      5.2.1 Great Emphasis Should Be Placed on Inward Quality Rather than Outward Appearance ......................... 144
      5.2.2 Knowledge Economy Is Contingent upon the Intelligent Mind ........................................ 145
      5.2.3 "Birth Pangs" in Transformation Equate to the "Run-in Time" of New Automobiles ........................................ 145
      5.2.4 Government Should Exercise Foresighted Leading .................. 146
      5.2.5 Heighten Foshan’s Image with "Venturing into Southeast Asia" ........................................ 146
  5.3 China Securities Press: Facilitating “China Created” with Multi-level Financial Service Systems ......................... 147
      5.3.1 To Guard Against Risks, Enterprises Must Initiate Self-innovation, and Government Must Exercise Foresighted Leading ........................................ 147
      5.3.2 Promoting “China Created” with Multi-level Financial Service Systems ........................................ 150
      5.3.3 The Global Economy Is Developing in a U-Curve and Will Reach Its Bottom by the End of the Year, While the Chinese Economy Is Developing in a V-Shape and Will Enter into Its Trough ........................................ 152
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.4</td>
<td>The Twenty-First Century Business Herald: Boosting Domestic Demand Through Greater Industrial Consumption in Rural Areas</td>
</tr>
<tr>
<td>5.4.1</td>
<td>Boosting Domestic Demand Through Greater Industrial Consumption in Rural Areas</td>
</tr>
<tr>
<td>5.4.2</td>
<td>Export Rebate Does Not Really Benefit Enterprises</td>
</tr>
<tr>
<td>5.5</td>
<td>Nanfang Daily: Guiding the Development of Chinese Financial Industry</td>
</tr>
<tr>
<td>5.6</td>
<td>Foshan Daily: The Instant Eruption of “Financial Magma” in Foshan</td>
</tr>
<tr>
<td>5.6.1</td>
<td>Finance Must Be a Leader in Building “Intelligent Foshan”</td>
</tr>
<tr>
<td>5.6.2</td>
<td>This Year’s “Six New’s” of Financial Development</td>
</tr>
<tr>
<td>5.6.3</td>
<td>Five to Eight Enterprises to Be Listed This Year</td>
</tr>
<tr>
<td>5.6.4</td>
<td>Private Capital Possesses Huge Potentials</td>
</tr>
<tr>
<td>5.7</td>
<td>The News Conference of Guangdong Provincial Government: Taking Full Advantage of Policies and Opportunities to Achieve Breakthroughs</td>
</tr>
<tr>
<td>5.7.1</td>
<td>Leading Foshan to Sustainable Development by Implementing <em>the Outline</em> as Turning Point</td>
</tr>
<tr>
<td>5.7.2</td>
<td>Resisting Crisis: Early Awareness, Prompt Action and Good Accomplishments</td>
</tr>
<tr>
<td>5.7.3</td>
<td>First Trial and First Execution: Establishing Modern Industrial System and Exploring Ways for Institutional Reform</td>
</tr>
<tr>
<td>5.7.4</td>
<td>Developing Tertiary Industry: Expediting Financial Industry and Exhibition Industry and Deepening Cooperation Between Guangdong, Hong Kong and Macao</td>
</tr>
<tr>
<td>5.7.5</td>
<td>Conducting Orderly Institutional Reform Throughout Foshan</td>
</tr>
<tr>
<td>5.7.6</td>
<td>Promoting Company Listing: Collecting Hong Kong Funds and Standardizing Small and Medium-Sized Enterprises</td>
</tr>
<tr>
<td>5.7.7</td>
<td>Unifying Guangzhou and Foshan Through Better Interactive Mechanisms and Joint Project Promotion</td>
</tr>
<tr>
<td>5.7.8</td>
<td>Financial Innovation via “463” Program to Absorb Domestic Risk Mortgage Fund</td>
</tr>
<tr>
<td>5.7.9</td>
<td>Modern Logistics: Combination of Logistics, Circulation Industry and Financial Industry</td>
</tr>
<tr>
<td>5.7.10</td>
<td>Comments from On-site Assessment Expert of the News Conference: Chen Yunxian’s Impromptu Answers Deeply Impress the Media</td>
</tr>
</tbody>
</table>
5.8 Davos 2009 (1): The Increase of Number of Foshan’s Enterprises Against the International Financial Crisis 175
   5.8.1 Confronting Difficulties: Guiding Enterprises in Self-initiated Innovation and Solving Financing Problems 176
   5.8.2 Government Interaction with the Public to Promote Development of Industrial Associations and Enterprises 177
   5.8.3 City Operation: Managing a City as Resources 177
   5.8.4 Developing Economy: Let People Enjoy the Greatest Benefits from Reform and Opening Up 178

5.9 Davos 2009 (2): The Secrets of Revitalizing Small and Medium-Sized Enterprises 179
   5.9.1 The Mechanism of Government Promotion, Multi-party Participation and Market Operation Helps Small and Medium-Sized Enterprises Out of Predicament 179
   5.9.2 “Two-Wheel Driving” Is the Direction for Future Import and Export Trade 180

5.10 Davos 2009 (3): Green and Environmental Protection Vital to Small and Medium-Sized Enterprises 181
   5.10.1 Enterprise Growth Contingent upon Modern Industrial System 181

6 Internet Government 183
   6.1 The Mayor Consults Netizens: If You Were a Mayor? 183
      6.1.1 The Market Demand Is the Basis for Government Support 184
      6.1.2 Taking Full Advantage of Preferential Policies for Economic Promotion 184
      6.1.3 The Five Districts of Foshan Should Be Unified as a Whole 185
      6.1.4 Encouraging College Students to Improve Knowledge Structure 185
      6.1.5 Welcome to Keep Online Contacts 186
      6.1.6 Just-in-Time Measures Have Been Adopted for H1N1 Influenza in Foshan 186
      6.1.7 Our Citizens Are Entitled to Clean Environment 187
      6.1.8 Quotations from Mayor Chen Yunxian’s Interactions with Netizens 188
      6.1.9 Online Sidelights 188
   6.2 Interaction with 40,000 Netizens: “Netizens Are Political Commissioners” 190
      6.2.1 Remarks About “Secretary of People’s Wellbeing” 190
      6.2.2 Remarks About “Restricting Motorcycles” 191
6.2.3 Remarks About “Intelligent Foshan” ........................................ 192
6.2.4 Remarks About “Sense of Happiness” ...................................... 192
6.2.5 Remarks About “Criticism” ...................................................... 193
6.2.6 Remarks About “City Image” .................................................... 193
6.2.7 Quick Questions and Answers .................................................. 194
6.2.8 Features on the Spot .............................................................. 194
6.2.9 Expert Views .................................................................... 195
6.2.10 Ideas from Netizens .............................................................. 196

7 Chen Yunxian in the Media: Watch Before Walking ....................... 199
7.1 Memories of Chen Yunxian: The Founder of Guangfa ............... 199
7.2 Chen Yunxian: Abandoning Office in Guangfa for Government Post .................................................. 202
7.2.1 Abandoning Office in Guangfa for Government Position .......... 203
7.2.2 Chen’s Days in Guangfa ......................................................... 204
7.2.3 Guangfa’s Doctoral Corps ....................................................... 205
7.3 Foresighted Thinking Leads Unparalleled Development ............ 206
7.3.1 First and Fast: Foresighted Leading Gives Foshan Priority .......... 208
7.3.2 Philosophy and Dreams Initiate a Revolution of Ideology .......... 211
7.4 Chen Yunxian: Warm, Assiduous and Witty ......................... 212
7.4.1 Affinity: Considerate of Others’ Feelings ................................. 212
7.4.2 Excellent Command of English: Faster than Interpreters .......... 213
7.4.3 Responsiveness: Handle Expert Questions Tactfully on CCTV .... 213
7.4.4 Good Memory: Accurate to Two to Three Decimal Places ........ 214

Epilogue ................................................................................ 215