

1. THE SEZ ENVIRONMENT AND UNIVERSITY FOUNDING

Numerous events heralded in what is today considered Modern China (*xin hua*). In the first decades of the century, Sun Yat-sen (Sun Zhongshan), a republican government, and a loose coalition of mostly Western-educated intellectuals replaced Pu Yi, the Qing Emperor, and his bureaucracy. Sun and his followers attempted to develop an alternative system to the dynastic empires that had ruled China for millennia. The republican government, however, was short-lived. In 1949 a victory by Mao Zedong and the communists over Chiang Kai-shek and the nationalists ended a decades-long civil war.

As the first generation of CCP leaders was nearing death and the Cultural Revolution (1966-1976) was winding down, Premier Zhou Enlai set in motion China's blueprint for the future. Speaking in January 1975 before the National People's Congress, China's legislative body, Zhou said it was imperative that the nation focus on economic development by modernizing four key areas: agriculture, industry, national defense, and science/technology.¹ These Four Modernizations, as they would be called, formed part of the foundation of the economic policies of Deng Xiaoping, who had become China's paramount leader by the early 1980s. Included in this foundation was *duiwai kaifang zhengce* or the "policy of opening up to the outside world." Located next to Hong Kong, the Shenzhen Special Economic Zone (SEZ) was to be constructed as a concrete example of opening and reform.

Deng's reform policies have had their ups and downs. As paramount leader, Deng never enjoyed the same kind of absolute power often achieved by Mao; more often than not his policies were the product of constant negotiations with his political contemporaries, who were simultaneously both his advisors and rivals.² New policies were invented as circumstances demanded; ideology was brought in from time to time to justify the policies, but there was no grand ideological design, only a discursive framework.³ The policies of the Special Economic Zones fit the patterns just described.

China's reform is often misunderstood by outsiders not familiar with how the Middle Kingdom operates. Deng's reforms were directed toward bringing economic prosperity, not liberal democracy or economic liberalism, to China. As one analyst explains:⁴

The opportunities the Chinese are turning to grasp are not those of an international system of growing laissez-faire harmony, but of competitive calculation and political action to promote state interests. If China now trades for equal advantage with socialist and capitalist states, it misleads some Westerners, who hope that expanded international trade is a prelude to or even a cause of domestic liberalization. But China accepts neither the premises of international liberalism (that international economic competition can be harmonious and universally beneficial, when divorced from politics), nor its politics (encouraging trade and financial interdependence), nor its predictions (that the benefits of international economic relations will reduce the predominance of state power).

The Shenzhen Special Economic Zone

Situated in Guangdong Province in southern China, Shenzhen is located between Hong Kong and the Zhu Jiang (Pearl River) Delta, which extends around Guangzhou (Canton), the provincial capital (see Map 1). More specifically, it borders the New Territories of Hong Kong in the south, overlooking Da Peng Bay in the east, the Zhu Jiang estuary in the west and adjoins Dongguan City and Huizhou City in the North.⁵ While the Zhu Jiang Delta, one of the richest agricultural regions in China, is densely populated, the frontier outpost of Shenzhen in the late 1970s was thinly settled. Its climate, at 22°N, 113°E, is described as “monsoonal humid” characterized by a cool and dry winter and a hot summer with abundant rainfall.⁶

In the early 1950s Shenzhen was recognized as a major gateway in southern China and was made the county seat of Baoan Xian (County). As such it replaced the town of Nantou, which had steadily lost its importance after the Qing emperor leased the southern portion of Baoan Xian to the British in 1898. (The expiration of these 99-year leases paved the way for Hong Kong’s retrocession to China in 1997.) Shenzhen’s importance was due to the location of Luohu customs, through which Hong Kong traffic passed. Nantou (which is located about one kilometer from SZU) served only as a regional market center.

Prior to March 1979, the county of Baoan, including Shenzhen, was administratively placed under Guangdong’s Huiyang Prefecture (*diqu*). “The first step in granting special status to the Shenzhen area was to change its administrative structure. The county was divided, and Shenzhen was raised to the rank of a *shi* which depended directly upon the provincial government.”⁷ The term *shi* is usually translated *municipality*, terminology which might be misleading to a North American, for example, for in Shenzhen’s

case municipality includes all Baoan County, including its rural portions. Baoan covers about 2,020 sq. km., but only about 16% (327.5 sq. km.) of it makes up the Shenzhen SEZ. The idea of including the entire county into the economic zone was abandoned in 1980; only three of the county's five districts (Luohu, Futian and Nanshan but not Baoan and Longgang) were formally included in the SEZ.⁸ For practical purposes, however, the entire area has come under the municipality's administration, as most policies affect all districts. In this book, the terms Shenzhen, Shenzhen SEZ, and Shenzhen municipality are used interchangeably, except when such usage might be confusing.

In September 1979 China's zone policy was publicly announced. At a Tokyo news conference, Vice-premier Gu Mu mentioned the opening of "special districts" in Shenzhen and Zhuhai, the latter which abuts the then Portuguese-controlled enclave of Macau. In December of that year the Guangdong People's Congress, the provincial legislature, passed a resolution to establish three Special Economic Zones (Shenzhen, Zhuhai and Shantou). At that time, and indeed for the following few years, politicians at various levels shared no clear idea of what a SEZ was supposed to be. The zones functioned under an "operational vagueness [which] was a by-product of the differences on zone policy within the ruling coalition."⁹ Nevertheless, the zones moved ahead, and in August 1980, about a year after they had been accepting foreign capital, they were officially established by the standing committee of the National People's Congress.

The facts that the zones were operating before they were formally established and that they functioned without a clear mandate characterized early SEZ policy. Was Shenzhen to promote an import substitution or an export promotion policy? In other words, was Shenzhen supposed to produce goods that were exported for foreign exchange or were goods produced locally supposed to substitute for products that otherwise should have to be imported, thus diminishing China's reserves of foreign exchange? This boiled down to whether Shenzhen should produce goods for the local or international market.

In the early years, as one analyst argues, the SEZs were costly endeavors, not meeting the expectations of policy-makers at the central government:¹⁰

Although the local economy was booming, the early national benefits from Shenzhen were limited. Direct foreign investment was introduced and international trade was developed in what was once a provincial backwater, but results were still rather far from expectations. Actual investment was lagging behind pledges, and the type of enterprises being established in the zone was not consistent with the goals of technology transfer and exposure to modern

business management techniques. Thus, Shenzhen had yet to gain an adequate return on the substantial infrastructural costs incurred.

The costs to the state for developing Shenzhen will not be recaptured until probably the second decade of the 21st Century. The size of the net loss was projected in 1990 to be ¥627 billion (US \$131 billion) by the year 2003.¹² Already among China's most populous metropolitan areas, Shenzhen continues to invest in new infrastructure. Figures for 1995 government investment in public facilities fixed assets appear in Table 1.1. The early 1990s saw the construction of numerous elevated highways and fly-overs, so that Shenzhen more resembles Los Angeles than any other Chinese city. In addition, the Shenzhen Huangtian International Airport opened in late 1991, and around 1996 new direct train travel was initiated with both Shanghai and Beijing.

**Table 1.1: Shenzhen infrastructural investment
1995 (in billions ¥) ¹¹**

industry	5.6
agriculture/forestry	.9
transportation & communications	5.5
commerce/trade	2.5
finance	.3
culture/education/hygiene/sports	1.5
academic research	.1
city construction	8.5
tourism	2.1
total	27.5

Despite a haziness over Shenzhen's purpose and the surpendipidous nature of national policy toward China's export processing zones,¹³ it is clear that the zones—especially Shenzhen which was larger in investment value than the others all combined—were indeed intended to be special. Nothing illustrated this more than the 85 km. barrier fence and check-points that separated the Shenzhen SEZ from the rest of the Shenzhen municipality (and from the rest of China as well). In any case, the Shenzhen SEZ was thriving in 1996, with its gross domestic product reaching ¥95 billion (US \$20 billion), a 16.4% rise over the previous year.¹⁴

Investment

A salient feature of Shenzhen's early investment is that it comes largely from overseas companies, most of them based in or going through Hong Kong. One estimate for 1981 put the figure for Hong Kong's portion of investment at 91%.¹⁵ As the zone developed that figure has dropped, with prosperous Mainland firms able to increase their share of investment. Another striking feature of the zone is its comprehensive nature. It was never intended to be just an industrial city or to mimic the export processing zones that exist in other developing countries. The zone's initial focus was on building infrastructure. From the mid-1980s to the end of the decade, Shenzhen developed its export sector. In 1991, industrial firms with investment from Hong Kong and other countries produced over two-thirds of the zone's total industrial product, and the zone exported almost 72% of its industrial product.¹⁶ From the 1990s Shenzhen strove to build a more diversified economy with a growing tertiary sector.

According to 1992 data, Shenzhen had 10,233 approved foreign-funded projects, with a cumulative value of US \$9.85 billion. The total industrial output for Shenzhen in 1992 was ¥37 billion (US \$6.7 billion), 72% of which was generated by foreign-funded enterprises. The total value of exports for that year was a reported US \$5.1 billion, 59% of which was generated by foreign-funded enterprises.¹⁷ The major types of non-municipal investment in Shenzhen have involved real estate, tourism and industry.¹⁸ Early on, manufacturing took on the most important focus, accounting for 66% of the total number of investment projects in 1981.¹⁹ The following few years saw more real estate speculation than industrial development.²⁰ Speculation in the property market, which in 1988 opened to foreign investment (mostly from overseas Chinese), has been "little short of anarchic."²¹ An evolutionary trend has seen commercial replacing industrial, with a reported 40% of manufacturing enterprises leaving or planning to leave the zone.²² Some foreign investors have even complained that local officials had adopted "an air of diffidence, even contempt, towards investors involved in manufacturing."²³ The 20-year plan released in 1982 put a reemphasis on manufacturing and attempts were made to create a better environment for high-technology industries.²⁴ This direction required a greater focus on education, including the building of the zone's single tertiary institution, Shenzhen University.

Given multiple and often conflicting goals (e.g., raise foreign exchange, transfer in high-technology, favor export over domestic market), it is not surprising that some analysts question the degree of the zone's success, in

that the SEZ “produced a local success that was not what Beijing intended...[something] contrary to plan.”²⁵

Due to the peculiar economic balance of forces that entered Shenzhen from China and Hong Kong, it became—instead of an export base using the latest production methods—a sophisticated, rapidly growing *import* processing zone, providing cheap land and labor to Hong Kong entrepreneurs eager to penetrate China’s protected internal markets. The considerable subsidies Beijing poured into Shenzhen to lay a basis for its development helped build a structure that drained hard currency from Chinese firms and consumers. Instead of earning foreign exchange for the state, Shenzhen punched a hole in the financial protection of China’s domestic currency system. Instead of introducing high technology, Shenzhen opened hotels, shops, restaurants, and low-tech assembly plants.

Stating that the “main objective of China’s SEZs is to enter into economic cooperation with the west so as to foster China’s socialist modernization program,” another scholar reported that “the zone had failed to achieve its economic objectives, and was hampered by lack of a detailed blueprint, a cumbersome bureaucracy, low calibre of the officials who ran the zones and constantly changing new policies which reduced much of the attraction of the zone to investors.”²⁶ Critics argued that Shenzhen was “over-built, over-borrowed, inefficient and uncompetitive when compared to neighboring cities.”²⁷

Planning

Shenzhen was not initially destined to become a thriving metropolis. Given the ups and downs of support from the central government, planners preferred to be conservative. In 1983 a population target of 800,000 by the year 2000 was adopted.²⁸ By the mid-1990s, however, Shenzhen had grown to a population of over 3½ million people, up from the 300,000 (only 70,000 of whom were in the SEZ, 23,000 in Shenzhen town) who had lived there a decade and a half earlier. Less than one-third of the population has official residence in Shenzhen, as defined by possessing a residency permit (*hukou*). The rest of the inhabitants are defined as transient, although some of them now consider Shenzhen a place of permanent residence.²⁹ Table 1.2 presents selected statistics on Shenzhen’s development.

In terms of planning, Shenzhen is an ad hoc rather than a planned new town. It does not resemble the new towns found in Western countries. It lacks the order and small scale of the greenbelt new towns on the perimeter

Table 1.2: Selected statistics, Shenzhen municipality³⁰

	1980	1985	1990	1994	1995
Total population ('000)	332.9	881.5	2,019.4	3,355.1	3,451.2
Total workforce ('000)	148.9	326.1	1,092.1	2,230.5	2,449.2
Total GDP ^b	232.9	1,723.4	5,144.5	12,710.6	14,527.9
Agriculture (%)	28.9	7.9	4.8	2.4	1.6
Manufacturing (%)	26.0	46.8	49.6	55.6	52.4
Tertiary industry (%)	45.1	45.4	45.6	41.9	46.0
Per capita GDP comparison ^b					
Shenzhen	719.8	2,135.8	2,614.6	4,031.8	4,268.9
Beijing	1,370.7	1,526.6 ^a	1,733.9	1,846.7	-
Shanghai	2,360.3	1,998.4	2,066.8	2,622.1	-
Overall China	407.1	485.8	688.3	1,030.5	-

^a For 1986; ^b millions ¥ in 1978 prices

of London. It lacks the architectural variety and focus on open space that characterize Columbia, Md. and Reston, Va. It lacks the precision and cleanliness of the new towns around Stockholm. It lacks the neighborhood quality and cluster development of a new town like Canberra, Australia. And it bears little relation to the monolithic worker new towns of Stalin's Soviet Union. Compared to urban areas in the West, Shenzhen is densely populated, but its density is low if compared to the high rise, almost exclusively residential, suburban new towns of Hong Kong, whose nuclei are the stops on the city's Kowloon-Canton Railway (KCR) link with China.

From its early days, the zone's planning slogan became *qitong yiping*, the Seven Linkages and One Leveling, that is, providing land, gas, electricity, water, sewerage, storm drainage and communications (the seven linkages) as well as land formation (the one leveling).³¹ For at least a decade and a half, Shenzhen's infrastructure lagged behind what was needed by its population. In reality, frequent power outages, water shortages, floods due to inadequate drainage, and long queues for telephone installation characterized the boom zone's first decade. The development of restaurants can serve as an indicator for zone expansion. "In 1979 there were only four with a total of 1,500 seats in Shenzhen. But by the end of March 1984, their number had increased to 174 with 23,475 seats."³² By 1995, Shenzhen had 12,800 licensed restaurants, employing 630,000 staff.³³

University founding

In 1982 the Party Committee of the Shenzhen municipality suggested the establishment of a Shenzhen Economics College. Such a request was forwarded to Guangdong Province and handed over to the provincial Higher Education Bureau, which was in charge of colleges and universities. The request from Shenzhen received a quite detailed response from an eight-person investigative team from the Bureau that visited Shenzhen in late 1982.³⁴ The provincial educationalists, however, suggested the building of a comprehensive university rather than an economics college.

Government approval

The early 1980s was a period of rapid change in China, change that was in part facilitated by quick governmental decisions in a process that to a large extent was unhampered by bureaucratic delays. Government workers in the State Education Commission (SEdC) sensed the importance of speedy decisions; as one explained: "We felt it was important to get as much done as quickly as possible before another Cultural Revolution could be launched."³⁵ The approval of SZU involved the back-and-forth flow of documents between the municipal, provincial and central authorities.

The Standing Committee of the Shenzhen CCP reviewed the province's report and on 14 January set up a SZU Founding Committee, headed by Mayor Liang Xiang. Within about two months of first receiving the provincial report, Shenzhen formally responded to the Province.³⁶ The city accepted virtually all the expert team's recommendations, including them in its own document. Some suggestions were further flushed out. In the opening paragraphs, the municipal government explicitly defined the "principal of SZU to be training advanced personnel in economic management, foreign trade, foreign language, industry, commerce, law, and tourism." The setting of subjects and majors would be determined by the needs of the SEZ.

The document reiterated that the university would be under the dual leadership of province and municipality authorities, with the city providing funding. A campus site was chosen about 25 kilometers away from downtown Shenzhen, in contrast to somewhere in the central city, a location recommended by the expert group. SZU would recruit students province-wide and teachers nationwide. "The leadership will be cadres who are faithful to the CCP's educational undertaking and have rich experiences in higher education administration." The university would practice the "presidential responsibility system" under the leadership of the school Party Committee.

SZU would train graduates for work in Shenzhen or other economics zones, but the document omitted the possibility that graduates could be employed in inland China, as suggested by the expert group. It alluded to several possible educational reforms, including students finding their own jobs (as opposed to China's job allocation system), a scholarship rather than a stipend system, and the credit system.

In February Guangdong Province formally requested that the State Council establish SZU.³⁷ The provincial request, an abbreviated version of the document that Shenzhen had sent to Guangdong, presented a time schedule for funding, which it also included in a separate message to the municipality.³⁸ In March, confident of central government approval, Guangdong publicly announced its intention to set up SZU.³⁹ Within two months, on 10 May 1983, the Ministry of Education (MOE, the forerunner of the SEdC) issued a document announcing the State Council's approval of establishing SZU and other universities.⁴⁰ It stated that "SZU is under the double leadership of Guangdong Province and Shenzhen City, but Shenzhen City is the more important leader." As stated in previous documents, classes were to begin in September, then only four months away.

A week before formal State Council approval, the SZU Founding Committee had already started publicity work for the new university, and a Baoan County office building was slated to be vacated and put to the committee's disposal. Tasks that needed urgent attention included arranging teaching plans and materials, acquiring equipment, preparing a general campus plan, in addition to ensuring necessary funding. The day after State Council approval, the eight-member Founding Committee staff moved into its office (a month ahead of schedule), and by mid-May units had been set up for secretarial work, personnel, general affairs and academic affairs. The city approved office leaders by mid-June and empowered them to make the necessary arrangements so that classes could begin in September. At that time the team rented a room in a guest house, with no desk or chair and only a dim light. They carried their official chops with them in a briefcase and jokingly called SZU a "briefcase university."⁴¹ In July the MOE issued a notice "On aiding SZU with a teaching force," and enough staff had been hired by 29 August for the Founding Committee to hold the first SZU staff meeting. The university's new leadership arrived at about the same time.

The temporary site

Many Chinese tertiary institutes founded in the 1980s took advantage of existing facilities, usually building new campuses by converting secondary

schools. This approach was dismissed by SEZ leaders, primarily because Shenzhen was, until the late 1970s, an agricultural village and frontier outpost for the Hong Kong border. It lacked existing facilities on which to build a university. Still, the new university required a temporary site while the new campus was under construction.

SZU's formal establishment on 10 May 1983 gave city officials less than five months to create a university. A month before the scheduled opening on 27 September, the city dispatched a strongly worded, very serious "emergency notice" to all relevant departments.⁴² The city leaders' dictum:

...The State Council's approval is an important, influential decision that should be regarded as an important event. All departments should cooperate. All work-units should fully support and do whatever needs to be done for the SZU founding. No time should be wasted; no units should *chepi, tuiwei* [colloquialism meaning tearing the skin, pushing away responsibility, in other words, "passing the buck."] The SEZ construction company should guarantee renovation of the temporary school site by Sept 10. The municipal Planning Committee should as soon as possible allocate vehicles and other materials needed by SZU. The Foreign Trade Department should facilitate customs procedures for importing materials for SZU. Since the university will experience some financial difficulties, the Health Bureau should give a favorable price for students' health exams which will be covered by the city finance bureau. There will be a big opening ceremony when SZU opens. Many famous people will come from both home and abroad. The Propaganda Department, General Office of Shenzhen government, the Reception Office, Administration Bureau and Foreign Affairs Office should cooperate.

The temporary campus was housed on the site of the Shenzhen Radio/television University, which was located in an old section of Shenzhen (near the present-day Diwang twin-tower skyscraper). During the university's first academic year in 1983, its more than 200 students used these facilities, which included a seven-story classroom building. Students lived two or three to a room in a dozen two-story dormitory buildings located about one-half kilometer away. After the university moved to its new campus, the radio/television university buildings were turned over to the SZU Adult Education Department which based its operations there.

Leadership team

Arguably, leadership is the most important aspect of a university, especially for an institution being built from scratch. This point was stressed by the deputy minister of education, Huang Xinbai, who visited Shenzhen in July

1983. Huang said: “The key to any school is its president. Only a high-level president can attract high level teachers; only with high level teachers can a school have character. SZU’s most important need is to secure the president. Only when a president is decided upon can academic heads be chosen and academic planning commence.”⁴³

Huang came to the economic zone to inspect Shenzhen’s educational progress. Often in China, teams headed by upper level leaders evaluate subordinate levels during official inspection tours, which are usually announced in advance so the inspected units can prepare for the review. This process occurs at all levels of administration: China’s president inspects provinces;⁴⁴ provincial governors inspect cities and towns; heads of ministries or municipal bureaus inspect units under their authority. Often, even factory heads make announced inspection tours of departments under their management.

Huang’s inspection tour served as an opportunity for the government to announce SZU’s leaders, who had been chosen directly by the Ministry of Education. Although not publicly announced, informal consultations would have occurred with both city and provincial authorities, but neither of these bodies were probably either sufficiently informed or willing to offer substitute candidates.

Deputy Minister Huang disclosed that the MOE had invited Zhang Wei, the first vice-president of Qinghua University in Beijing, to become the founding president of SZU. This decision conferred upon SZU a certain amount of respect. Qinghua University is considered China’s premier engineering school and is often referred to as China’s MIT (Massachusetts Institute of Technology).⁴⁵ Zhang Wei, in his own right, was an internationally respected engineering professor and an authority on the history of engineering education. Fluent in English and German, he had received a doctorate in 1944 from the former Technische Hochschule Charlottenberg, Berlin’s technical university, that at the time would have been considered Germany’s MIT. Recognizing the necessity of a Western education because of China’s undeveloped state of higher education at the time, Zhang went to Germany in 1938 because “as a young emerging scientist he wanted to participate in shaping China’s future.”⁴⁶ His decision was also influenced by the fact that his uncle had studied in Germany (later Zhang’s own daughter and granddaughter would study there). His departure from Germany was delayed by World War II (“We did not have bomb attacks but there were daily air raid alarms”). Zhang, with his wife who had been studying in Guttingen, about 100 miles west of Berlin, went to Switzerland and then in 1946 took a

French troop transport from Marseilles to Saigon. From there a British military flight took him to Hong Kong.

In announcing the appointment, Huang noted that Zhang Wei could only be president at SZU for several months a year. His wife had to remain in Beijing at Beijing University where she was a full professor, and Zhang, himself, was busy with his duties at Qinghua which included supervising four doctoral students. "He will need assistants," Huang reported. Thus, Fang Shen, an associate professor of economics at People's University, was to be appointed vice-president. "But he is an academic and lacks administrative ability," Huang said. "When he arrives, he will also need assistants." Then, leaving the most important announcement to the last, Huang mentioned that "Guangdong will also contribute a vice-president." This was consistent with a national policy to localize leadership. Huang referred to a man named Luo Zhengqi, whose family was from Panyu in Guangdong. Luo was described simply as a graduate of the Qinghua Architecture Department, and Huang was uncertain if Luo would even come to SZU. "Originally, the MOE planned for him to be SZU's Party secretary, but recently the central government wanted to transfer him to the State Council to become the vice-chief secretary. We must wait and see if he can come to SZU."

Fang was a logical choice as vice-president. Named at birth Chen Shi, Fang had studied agro-economics at Taiwan University in the late 1940s, where he served as chairman of the student union. During the 1950s he became a lecturer at People's University where, in collaboration with other economists, he authored more than 10 works on economics, including an English edition entitled *China's Economic Reforms*, published in the early 1980s in the U.S. Fang had first visited Shenzhen in 1982. According to a report in *Beijing Review*, a state-controlled periodical written for an international audience, Fang had immediately found Shenzhen "alluring because it is taking shape without the restrictions of the old economic system practised elsewhere in China."⁴⁷

In Fang's view, educational reform was linked to national economic reform, as illustrated by Shenzhen:⁴⁸

To meet the needs of Shenzhen's economic development...there is a necessity for educational reform. Educators must not only sum up their experiences from the past 35 years, they must also absorb useful experiences from abroad...As a window for international academic and cultural exchanges, Shenzhen provides the best conditions for absorbing useful foreign experiences.

From his own experience in 30 years of teaching,⁴⁹

Fang discovered that the existing educational system cannot meet the needs of China's modernization drive. He contends that the existing system has two major disadvantages. One is that the courses are so rigidly set that the students do not have much freedom of choice. This limits their initiative. Another disadvantage is that various rules and regulations have dampened the teachers' enthusiasm for education.

The vice-president closely associated with the interests of Shenzhen city was Yang Yibai, who had participated in discussions over the founding of the university from its very inception. Yang served as vice-director of the Shenzhen Training Company, a city-run enterprise, and he was called on for advice on human resources development. Yang worked with city leaders on the selection of the site for the new campus. The other selected leaders for SZU were working in Beijing at the time of their selection; none had ever worked with Shenzhen officials. Yang's selection, therefore, was an insurance that the city's interests would be prominent in university policy discussions. Mayor Liang and his administration needed someone at SZU who was loyal to them rather than to Beijing officials. Yang Yibai was their man.

The vision

The Guangdong educational authority, personified in the provincial inspection team who had written the report on the university's founding, issued Shenzhen officials fairly explicit marching orders. The province wanted an experimental university that would be a showcase for Chinese educational reforms. The new leadership team—Zhang Wei as president, Luo Zhengqi as Party secretary, and Fang Shen, Yang Yibai and Luo as vice-presidents—arrived 28 August and met with the Shenzhen municipal leadership to discuss school policies. They met again on 4 September. Luo was formally appointed to his positions on 20 September; Zhang and Fang assumed their jobs four days later. Just three days after that, the opening ceremony for SZU was held in the city's Grand Theater. Luo Zhengqi chaired the meeting and was introduced as "first" vice-president. President Zhang Wei and Mayor Liang Xiang spoke to the crowd of dignitaries which included VIPs from China as well as from Hong Kong and Macau.

In effect, Zhang Wei and team inherited an institution that had been in the planning stages for about eight months before they, the new leadership, had ever set foot in Shenzhen. The four planning groups had operated with no real direction. They worked under the guidance of the SZU Founding Committee, which was composed of municipal leaders. These city officials were busy running Shenzhen; establishing SZU was only one task on their

crowded agenda. City officials left virtually all decisions concerning SZU to the four planning groups. To their credit, the groups worked harmoniously, dedicated to the single purpose of creating a university; by the end of September, their job had been accomplished: locations selected, students recruited, teachers and staff hired, classrooms and dormitories equipped, and a curriculum set. It was now up to the new leadership to create a university adhering to the general framework set in the report by the experts of the provincial Higher Education Bureau.

With Zhang Wei expected to remain in Beijing for much of the year, leadership over the running—indeed over the creation—of the university, fell to Luo Zhengqi, the Qinghua-educated architect who, in the words of the SEdC official, was Guangdong's contribution as vice-president. When Luo was originally approached about coming to SZU, he was offered a vice-presidency. He declined. When he was offered the Party secretaryship in addition to a vice-presidency, he then accepted. An understanding why Luo changed his mind requires a brief detour to examine the decision-making process that often characterizes Chinese universities, as well as other *danwei* (work-units).

Luo was assigned to SZU; he did not seek out the job. In spring 1983, when he was approached about taking up a post at the future university, Luo served as vice-secretary of the Qinghua Party Committee and taught in the Architecture Department. In his academic career, which had encompassed his entire adult life except for the Cultural Revolution years when he was assigned to hard labor in a rural area, Luo Zhengqi had come to realize that the real power inside the university structure lay with the Party secretary, not the president. In the early 1980s, the concept of "school presidential responsibility system" (*xiaozhang zerenzhi*) was merely in the incubation stage. The power that resided with the Party secretary was not so much the right to decide and execute policies, for those duties were part of the president's job description. Rather, the Party secretary wielded the power to prevent, obfuscate, or compromise policy. Luo realized that creating a new university would require quick decisions; he had to control the Party to ensure it did not become an obstacle to SZU's moving ahead quickly.

In general, decision-making in Chinese *danwei* is participatory, but not democratic. Majority rule, leadership election, and providing a hold harmless forum for minority views are not features inherent to the Chinese system. Structurally, on paper at least, the system is one of hierarchy, with decisions flowing downward from the top leaders to subordinates. But the system is much more dynamic than a single top-to-bottom flow would indicate. At

each level of the hierarchy, participation often takes the form of collective discussion, where a consensus is required before the decision is implemented. Writing about China, Susan Shirk notes, “The rule of delegation by consensus—‘If the agents agree, let it be’—is followed by most hierarchical organizations, including business corporations and political systems. Delegation of consensually exercised power is so widespread in hierarchical settings that it could be called ‘the bureaucratic method.’”⁵⁰ Since decisions must be implemented at lower levels—often referred to as the grassroots—participants at those levels have *de facto* veto power. Policies that grassroots workers don’t like don’t get fully implemented; they are effectively sabotaged.

From the western perspective, this system may come up short given its absence of democratic features. It is acceptable to Chinese, however, because it integrates workers into the organization and gives them a stake in policy. In general, the system seems to be accepted as workable and effective, if not perfect. From a management perspective, the participatory nature of Chinese decision-making is tolerated although it can slow up progress. This is the price an organization pays for participation.

Luo Zhengqi did not want to scrap the participatory system described above. He had lived with such a system and accepted it as part of the fixed cultural environment. Indeed, he relished participation. What he wanted to avoid was two of these systems operating in parallel, which is exactly what happens in Chinese work-units. Chinese universities (and other *danwei*) are characterized by a dual-track decision-making structure that resembles a railroad track or ladder. One rail is the factory management, or administration in the case of a university; the other track is the Party. At all levels, from the principals, to department leaders, and down to student organizations, both Party and Administrative/managerial entities exist. The Party secretary corresponds to the university president. The branch Party secretary corresponds to the department head. The student Party leader corresponds to the class monitor. At each level dialogue should occur laterally, via the ladder’s rungs or the rail’s ties. The Party secretary and president, for example, should reach a consensus on policy, as should the branch Party secretary and department head. When the system works well, this dualism provides checks and balances, or mutual monitoring. In a negative scenario, it results in rivalry and factionalism. In accepting the posts of Party secretary and vice-president, Luo Zhengqi ensured that the almost inevitable conflict between Party and administration could be avoided, at least in decisions relating to his administrative responsibilities.

1. Zhou Enlai, "Report to the Fourth National People's Congress on the Work of the Government," 1975, pp. 2496-9.
2. See Crane, *The Political Economy of China's Special Economic Zones*, 1990.
3. See Zhang, *Ideology and Economic Reform under Deng Xiaoping 1978-1993*.
4. Kleinberg, *China's "Opening" to the Outside World*, 1990, p. 5.
5. For specifics on Shenzhen geography, see European Commission, *Sustainable Environmental Management Strategies in South China*, 1995.
6. More precisely, 22°27' to 22°52'N and 113°46' to 114°37'E. See Wong, *Shenzhen Special Economic Zone*, 1982, pp. 7 ff.
7. Osborne, *China's Special Economic Zones*, 1986, p. 118.
8. The Baoan and Longgang districts were originally sprawling town-centered farming areas. Since the SEZ's founding, these districts have become sprawling town-centered industrial estates; in 1995 between them they included 58% of Shenzhen's population, mostly contained in 18 towns. 1995 *Shenzhen Yearbook*, p. 645.
9. Crane, *The Political Economy of China's Special Economic Zones*, 1990, p. 30.
10. *Ibid.*, p. 67.
11. Source: 1995 *Shenzhen Yearbook*, p. 254. The total is equal to US \$3.3 billion.
12. Wu, *China's Shenzhen Special Economic Zone*, 1990, p. iv. The net loss was predicted to be ¥2.3 billion (US \$480 million) by 1995. The U.S. dollar equivalents in this section are mine. In this book the dollar-RMB (*renminbi*, *yuan*, or ¥, the PRC currency) exchange conversions are based on the annual average exchange rates for the appropriate years as provided in *Almanac of China's Finance and Banking* (1995), p. 474; *1979-1991 China Foreign Economic Statistics*, 1992, p. 3-58B; and *China Foreign Economic and Trade Yearbook 1996-1997*, 1996, p. 980. These rates have varied considerably over time (e.g., 1:1.58 in 1978; 1:3.76 in 1989; 1:8.35 in 1995).
13. Reardon, "The rise and decline of China's export processing zones," 1996.
14. Shenzhen. *Shenzhen Investment Guide*, 1997, p. 2.
15. *Jingji daobao*, no. 1745, 11 November 1981, 8, cited in Kwok, "Structures and policies in industrial planning in the Shenzhen special economic zone," 1986, note 36, p. 61.
16. *Shenzhen Statistical Yearbook 1993*, p. 82, p. 94.
17. Studwell, *Unlocking China: A Key to Investment Regions*, 1993, pp. 105-11. According to my computations, over three-quarters of 1992 industrial output went into exports. This suggests possible underreporting of domestic sales, presumably for tax purposes.
18. Osborne, *China's Special Economic Zones*, 1986, pp. 119-22.
19. Wong, *Shenzhen Special Economic Zone*, 1982, p. 36.

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20. Crane, *The Political Economy of China's Special Economic Zones*, 1990, p. 62.
 21. Studwell, *Unlocking China: A Key to Investment Regions*, p. 105.
 22. *Ibid.*, citing a *China Daily* report, p. 105.
 23. *Ibid.*, p. 105.
 24. Sit, "Industries in Shenzhen," 1986.
 25. Kleinberg, *China's "Opening" to the Outside World: the Experiment with Foreign Capitalism*, 1990, p. 48.
 26. Wu, *China's Shenzhen Special Economic Zone*, 1990, p. 6.
 27. *Ibid.*, citing, "Models in a muddle," *Far Eastern Economic Review* (October, 1987), p. 102.
 28. *Jingji tequ mianmianguan* (1983), p. 4, cited in Kwok, "Structures and policies in industrial planning in the Shenzhen special economic zone," 1986, p. 60. The estimate also appeared in Shenzhen's first official document on the founding of SZU: Shenzhen Municipality and Party Committee, "Report to Guangdong Province on creating Shenzhen University," 1983, p. 154.
 29. For population statistics, see *1995 Shenzhen Yearbook*, p. 645.
 30. Source: Xiao, "Vocational/technical education in Shenzhen," in press, Table 1.
 31. Kwok, "Structures and policies in industrial planning in the Shenzhen special economic zone," 1986, p. 48.
 32. *Ibid.*, p. 54.
 33. *1995 Shenzhen Yearbook*, p. 342.
 34. Guangdong Higher Education Bureau, "Investigative report on the founding of SZU, 16 November 1982," *1986 Yearbook*, pp. 149-52.
 35. Interview, April 1995.
 36. Shenzhen Municipality and Party Committee, "Report to Guangdong Province on creating Shenzhen University, 22 January 1983," *1986 Yearbook*, p. 154.
 37. "Guangdong report to State Council on the founding of SZU, 26 February 1983," *1986 Yearbook*, p. 159.
 38. "Guangdong's reply to Shenzhen on SZU's approval, 8 March 1983," *1986 Yearbook*, p. 160.
 39. Guangdong provincial radio, reported in: "Plans Formed for setting up Shenzhen University," *FBIS-CHI-83-052* (16 March 1983), p. P1.
 40. "Ministry of Education, 1983 Document 079, 10 May 1983," *1986 Yearbook*, p. 161.
 41. Chen Jianhui, *1992-93 Yearbook*, p. 155.
 42. Shenzhen government, "Urgent notice about guaranteeing that SZU opens on time, 23 August 1983," *1987 Yearbook*, p. 162.
 43. Huang Xinbai, "Introduction to Shenzhen educational work [abstract, 5-8 July, 1983]," *1986 Yearbook*, p. 163.

44. A current joke in China of the late 1990s says that President Jiang Zemin's inspection trips are accompanied by floods. Jiang's name in Chinese characters means "Jiang floods the people."
45. MIT, of course, can be referred to as the U.S.'s Qinghua.
46. Information abstracted August 1996 from the homepage of Berlin Technische Universität, Berlin, <http://www.zrz.tu-berlin.de/presse/tui/95feb/zhangwei.htm>. This university awarded Zhang Wei a golden [50 year anniversary] doctoral diploma in November 1994.
47. Zhang, "University uses new educational system," 1985, p.19.
48. *Ibid.*
49. *Ibid.*
50. Shirk, *The Political Logic of Economic Reform in China*, pp. 116-7.