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Holbig, Heike

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The Emergence of the Campaign to Open Up the West: Ideological Formation, Central Decision-making and the Role of the Provinces

Heike Holbig

ABSTRACT This article examines the formation of the Open Up the West policy from the 1980s to the present. Focusing on the dynamic interaction between central party-state and provincial-level players, it analyses the various ideological and pragmatic factors that have shaped the policy over time. The campaign to Open Up the West is described as a “soft policy” to highlight a very diffuse decision-making process which has produced a highly diverse set of agendas and instruments. Due to the amorphous nature of the policy, the article finds, its realization depends to a great extent on the specific interpretations and arrangements of the provincial jurisdictions involved.

In June 1999 in the ancient city of Xi’an, Comrade Jiang Zemin made the appeal to the whole party and the people of the whole country on the great development of the western region. Three years have gone by, and the roads have become passable, the lights have become lit, the mountains have become green, the rivers have become clear and the travelling traders have become abundant. One after another, wonderful stories about the homeland of the western region have been circulated and sung.

The policy of “Opening Up the West” was propagated after mid-1999 as a brainchild of the retiring third-generation leader Jiang Zemin. Presented as a clearly delineated strategy of socio-economic development of the country’s interior regions to narrow the gap with the prosperous coastal areas, the policy seems to get less tangible the closer one looks. Many different factors shaped its formulation, making it hard to establish a clear causality between them. Agendas proliferate and priorities shift over time, producing a diverse array of goals and measures. In the course of the policy’s implementation, its geographic boundaries have moved, and the actors at central and regional levels have changed.

To cope with the inherent lack of clarity this article aims at tracing back the diffuse decision-making process behind the Open Up the West policy, focusing on the dynamic interaction of central and provincial-level players. It will look at its ideological formation as well as the academic discourse and other factors shaping the policy since the 1980s. It will also try to identify the main agendas promoted since 1999 in an ongoing bargaining process between competing departmental and regional interests. Based on the limited evidence available, it is argued that the Open Up the West policy is best described as “soft” – an amorphous


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A set of diverse policy agendas and instruments not designed to form a complete and coherent programme, but rather to appeal to as many interests as possible simultaneously. As a consequence of this “soft” nature, policy implementation is found to depend to a great extent on the specific interpretations and arrangements of the provincial jurisdictions involved. With a planning horizon of several decades, it is too early to assess the overall impact and viability of the policy. However, its future realization can be expected to become increasingly constrained by the limitations of central funding over the years to come.

*The Formation of Ideology – Deng Xiaoping’s Promise*

China’s vast hinterland seems to have preoccupied all Chinese leaders in the 20th century, though with varying agendas. Sun Yat-sen, in 1922, published *The International Development of China* where he tried to attract the post-war foreign powers to invest in the country’s western regions in order eventually to create the huge Chinese market they had been thirsting for. In the 1960s, Mao Zedong formulated the “Third Front” strategy which started out as a programme for economic and social development of China’s interior provinces but was then redesigned as a strategy for national defence. Not surprisingly, the programmatic roots of the Open Up the West policy go back much further than Jiang Zemin’s 1999 appeal. Deng Xiaoping had already reasoned about regional development in China in the latter half of the 1980s. Obviously with the aim of justifying his uneven policy of coastal development, he formulated a strategy of “two overall situations” with two stages of regional development. The coastal areas were first to be given central support; once they had reached a sufficient level of development, the interior areas in turn would receive such support. Within this logic of regionally alternating privilege and subordination, Deng made it clear that the central government had to play a focal role as the only agency to safeguard a co-ordinated development of the whole country.

Pressure from various provincial jurisdictions in China’s interior might have been a factor shaping Deng Xiaoping’s two stages strategy. Provincial administrators and scholars from Sichuan, Yunnan and Guizhou formed the “Research forum for the strategy to Open Up the South-west” in the mid-1980s because of the disadvantages felt by the interior regions through the centre’s priority of coastal development. This informal

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alliance, later joined by Tibet and Guangxi, tried to strengthen inter-provincial commercial links in the interior to make good the lack of access to foreign investment. At the same time, it lobbied the central government to shift its priorities of regional development and to recognize the economic, social and political importance of the south-west with its rich resources and ethnic diversity. A similar campaign to “Open Up the North-west” with Xinjiang as a self-acclaimed model of development, was pushed after the early 1990s by provincial jurisdictions in the north-west, though with less cohesiveness and impact.

In 1992 when Deng Xiaoping made his famous “inspection” tour of south-east China to reconfirm the policy of economic reform and external openness, he reiterated the two stages strategy of regional development in more detail. Hoping to preserve the patience and compliance of the interior while granting more favours to the coastal areas, for the first time, though rather tentatively, he added a timetable:

If the rich become richer and the poor become poorer, there would occur polarization that is exactly what a socialist system should and can avoid. One of the solutions to the problem is that the areas that become prosperous first pay more profits and taxes to help the development of poor areas. It is, of course, no good if this is to be done soon. … It can be assumed, however, that we should give prominence to the issue when we attain a moderately high standard of living at the end of the century. At that time, developed areas will continue to develop, and help underdeveloped areas vigorously by various means, e.g. paying more profits and taxes and transferring technology. … In sum, as far as the whole nation is concerned, we will definitely resolve the problem of disparities between the rich coast and poor interior gradually and smoothly.

Here, in the ideological calendar of Chinese socialism, the turn of the century was authoritatively marked as the magical turning point for the central government to compensate the interior areas for the long years of subordination. The future development of the inland regions was projected as part and parcel of the CCP’s strategy to build a “well-off society” over the whole of China by the middle of the 21st century. Owing to the ongoing lobbying of western and central regional leaders at national Party congresses, national people’s congresses and work conferences over the following years, there was a first formal shift of policy in September 1995 at the 14th Central Committee’s fifth plenary session. Under the new formula of “co-ordinated development among different regions” the regional development strategy was adjusted to show consideration for the hinterland. The leverage of western representatives,
however, seems to have been limited (none of them, for example, was sitting on the Politburo), and politics, with its focus on the coastal provinces, does not seem to have changed very much. Yet, with the turn of the century drawing closer – and pressures from other sides mounting – the promise Deng Xiaoping had given to the interior regions was passed on to his successor Jiang Zemin, who eventually had to honour it.

**Academic Input – the Mission of Social Equality and National Integration**

Deng Xiaoping’s general support for phased regional development in the 1980s meant that it was now possible for academics to contribute their theoretical concepts. Economists, geographers and sociologists offered a broad range of theories which were selected and fed into the policy-making process according to the preferences of particular regional representatives, ministries or political leaders. As is still the case today, academic debate involving individual scholars and think tanks seems to have been very much structured by the policy preferences of central leaders and leadership organs.

The long and multifaceted debate on regional development basically divided into two main arguments. On the one hand, there were scholars who talked about a “ladder-step theory” and on the other were those who opposed it. The “ladder-step theory,” sometimes rendered in English as “echelon theory” and better known as “trickle-down theory,” holds that China, as a large developing country, should concentrate its scarce resources in the coastal areas which, owing to comparative advantages in factor endowments, are suited best to move quickly up the ladder of technological and economic progress. New technologies first imported by the coastal regions will gradually diffuse into the hinterland and thus, ladder-step by ladder-step, stimulate the development of the interior regions. This theory predicts that the disparity between coastal and interior areas will be reduced with the gradual alignment of growth rates in different regions. 9 Obviously, this theory in its Chinese version conformed very well with Deng Xiaoping’s strategy of uneven regional development, explicitly justifying why coastal areas should be allowed to “get rich first.”

While ladder-step theory controlled the academic mainstream in the 1980s, it provoked a series of counter-theories. Interestingly, as a retrospective of academic discussion of regional development published in 2000 states, it was theorists from western China who increasingly chal-
lenged the mainstream theorists. In their “anti-ladder-step theory” they argued that the former was misconceived in its application to Chinese territory because the alleged regional differences in fact were mainly based on disparities created by the conditions of maritime trade which naturally favoured the coastal areas. There was no justification, however, to translate this commercially created disparity directly into a regional hierarchy of technologically developed, less developed, and underdeveloped regions as ladder-step theory presupposed. In reality, the western regions were rich in natural resources, and parts could even be grouped among the technologically most highly developed regions in the country.

Anti-ladder-step-theorists argued further that the ladder-step-theory was not only misconceived from a theoretical point of view, but that it implied a systematic discrimination against the western regions. By recommending a channelling of advanced technologies to the coastal areas, the economically backward regions were denied their chance for development and thus condemned to remain backward forever. To reverse this discriminatory policy, they proposed that no matter which technological stage a region had reached, if it was in need of economic development and had the necessary preconditions to develop, it should not be refused the most advanced technologies to support its development. Political perception of the problem seems to have intensified during the first half of the 1990s, when social scientists presented statistical data showing that the growth generated in the coastal areas had indeed failed to diffuse into the hinterland and that the expected “trickle-down” effect was not materializing. Instead, as the statistics demonstrated, the regional gap between coastal and interior areas had widened significantly, causing an increasing disparity of growth rates, incomes and social development between eastern and western China.10

Among the many academic voices, Hu Angang, director of the influential Research Institute on National Conditions, seems to have been most instrumental in creating a favourable intellectual environment for and in shaping the political discourse of the campaign to Open Up the West. His role as public intellectual behind various policy initiatives in the latter half of the 1990s cannot be divorced from his outstanding position in Beijing’s academic landscape and his special access to central policy-makers, which, according to hearsay, results from his family’s personal connections to Zhu Rongji and other leaders.11

Starting in the early 1990s, Hu Angang authored or co-authored a series of reports and books on China’s regional disparity, some of them written in English and based on theories and methods from Western social sciences, a fact that must have lent them special credibility in the

10. Gao Zhengang et al., The Path Towards Opening Up the West.
eyes of Chinese readers. In his publications, Hu portrayed a growing economic gap between eastern and western China which he found too excessively large to be allowed to grow further. While the relative disparity in per capita GDP between the coastal and the interior regions was found to have narrowed during the years 1978–90, regional disparity was again on the rise during the first half of the 1990s. Deng Xiaoping’s renewed emphasis on the development of the coastal regions in 1992 was seen to have unduly disadvantaged the interior regions and led to a rapid growth of the economic and social gaps – found to be worse than in the disintegrating polity of the former Yugoslavia. The excessive gaps were ascribed to biased government investments that increased the existing regional disparity stemming from natural and historical factors. The central policy of privileging the eastern seaboard, particularly the special economic zones, meant that foreign direct investment went almost exclusively there and thus reinforced the trend. In consequence, distinctions had sharpened between the privileged “rich” in the coastal areas and the populace of the backward parts of the interior who were showing growing political discontent. Instead of balancing regional interests, the central government had fallen prey to single provinces which tried to capture the initiative of central policy-making. If no remedy was forthcoming soon, political stability and national unity would be endangered. As the case of Yugoslavia had shown, national conflicts are not the causes of regional differences, but their results.

In the face of these perceived dangers, Hu and his colleagues appealed to the central government to fulfil its important function of providing balanced regional development and solving the urgent social and political problems associated with rising economic disparity – something the market economy was not providing. While the role of the market was to safeguard efficiency, the role of the government was to realize social equality and justice. The task was seen as particularly pressing in the case of the western region where many ethnic minorities were concentrated. In order to accelerate economic development in minority areas and thus to prevent social and political conflicts from intensifying further, minority areas should be helped with special funds. Locally available resources should be utilized more efficiently on an integrated national market, while environmental pollution should be controlled at the same time.

Most fundamentally, in order to play the “lead role” as advocate of social equality and interest regulator in the country’s transition process, the central government had to strengthen its financial capacity. The share of central financial revenues and expenditure in GDP was found to have sunk to a record low in 1994, indeed the lowest in the world. If central government wanted to correct the existing economic, social and political inequalities, it had to define a bottom line of decentralization, consolidate

its fiscal base and establish a system of financial transfers that supported
the weaker provincial units. To strengthen the democratic participation of
all provinces in central policy-making, a new institutional design should
be set up for political consultation between the central authorities and
localities, giving western and central region representatives more leverage
in the National People’s Congress Standing Committee and in relevant
ministries and commissions of the State Council. Decisions on public
policies should be passed on majority votes, with each provincial jurisdic-
tion having one vote.13

Hu Angang propagated these arguments and proposals not only in his
publications but also at numerous conferences and policy meetings. It is
not surprising that he found many supporters among representatives of
the inland provincial jurisdictions. On the other hand, his blueprint for the
Open Up the West policy seems also to have been particularly acceptable
to central policy-makers as, in his analysis, the central party-state has a
specific role in regional development. Stressing the lead role of the
central government with solid fiscal capacities to balance regional inter-
ests and to intervene where market failures produce social inequality, Hu
Angang made a strong plea for a powerful and resourceful central
party-state – a plea that must indeed have appealed to central policy-mak-
ers.

Going Global – the Challenges and Enticements of WTO Accession

According to Party historiography, Jiang Zemin is understood to have
made his first references to the Open Up the West policy in March, June
and August 1999.14 While there were no official media reports in March,
Jiang was quoted in the Chinese press as giving a speech at a central
conference on poverty alleviation on 9 June:

There are conditions already in place for accelerating the speed of development of the
central and western regions, and time is already ripe. While continuing with
development of the eastern coastal region, we must not miss the opportunity to
accelerate the development of the central and western regions. From now on, the
Party and the government must regard the great development of the west as a major
strategic mission and give the issue priority over everything else.15

No official report is available on Jiang’s statements in August, probably
made during the annual convention of the Party leadership at Beidaihe.
However, in mid-November 1999, after several investigation tours by
prime minister Zhu Rongji to Shaanxi, Yunnan, Sichuan, Gansu, Qinghai
and Ningxia between August and October, the Open Up the West strategy

13. For these specific proposals see Hu Angang et al., Report on China’s Regional
14. Huang Liancheng, “Xibu da kaifa shi ‘di er ge daju’” (“Opening Up the West is the
15. Renmin ribao, 10 June 1999; for a similar rhetoric see Renmin ribao, 19 June 1999.
was made into an official policy of the party-state. At the annual national economic work conference of the CCP Central Committee, it was concluded that “conditions are basically in place for the research and implementation of the strategy for the great development of the western region, and time is already ripe.”

These quotations suggest that “time” was an important concept in the new policy’s development. Jiang Zemin’s repeated emphasis on the right time and the opportunity not to be missed may be read as a rhetorical kow-tow to Deng Xiaoping’s “two overall situations” which envisaged the turn of the century as the start of the regional policy shift. However, in the specific political context of the year 1999, the parallel process of China’s WTO accession negotiations is also an important background factor. The American president Bill Clinton as well as Jiang Zemin and Premier Zhu Rongji had made new initiatives to revitalize the stagnating WTO negotiations in spring 1999. In April, Zhu Rongji travelled to the United States to find a viable compromise on some of the tougher issues of the bilateral negotiations. The rapprochement of the two sides was interrupted when the Americans turned down a list of Chinese concessions which Zhu Rongji had offered during his visit; and the destruction of the Chinese embassy by NATO bombs in Belgrade added to the temporary halt in dialogue. In autumn 1999, however, the Clinton administration decided to resume negotiations, and after some intensive talks, a bilateral agreement was struck on 15 November – a step that was regarded as a major breakthrough in the then 13-year long negotiation process. The parallel timing of the rapprochement in WTO negotiations and the formulation of the Open Up the West policy can hardly be mere coincidence. Rather, the new policy seems to have taken its initial shape against the strategic background of China’s expected WTO accession.

In China WTO accession was seen as a painful challenge to various sectors of the domestic economy. As Chinese publications of the time revealed, the opening of domestic markets would inevitably expose all industries to international competition, with particularly heavy impacts expected for agriculture and the ailing heavy industry of the state sector. Very obviously under this scenario, the interior regions where these industries dominated would suffer most after accession. While it was made clear that WTO rules did allow for certain protectionist policies for economically backward regions during a transition period, it was similarly clear that over the longer run, these regions eventually would have to face the pressure of international competition and business rules. Confronted with the menace of industrial breakdown and accelerated


destitution of large parts of the rural populace in China’s interior, the leadership came under extreme pressure from provincial jurisdictions to provide a viable counter-strategy.19

At the same time, the expectation of WTO accession produced enormous enticements. In an early scholarly publication on the Open Up the West policy sponsored by the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) Long Yongtu, then vice-minister and chief WTO negotiator, philosophized:

At the turn of the century, China has speeded up its march towards reform and opening up, the most important sign of this being the fact that China has reached a breakthrough in WTO accession negotiations and a considerable acceleration of the accession process. Under these international and domestic circumstances, to greatly develop the west must first of all mean to strive hard to greatly open up the west to the outside world. Only if the west is allowed to march towards the world, will it be able to establish an adequate development mentality, to absorb the inflow of international factors of production and to raise its overall quality through the global exchange of information.20

The prospect of immeasurable sums of foreign direct investment flooding the country seems to have been omnipresent at the time, creating the impression of an immediate abundance of foreign investments particularly in the central and western regions which had been neglected during the early reform period.

As many official statements and documents published up to summer 2000 bear witness, this foreign investment euphoria dominated the initial agenda of the Open Up the West policy, leading to intense contests between provincial jurisdictions in the western and central region to obtain preferential measures.21 Although both political leaders and experts warned consistently that conditions in the interior were not the same as in coastal areas and that “preferential measures ... are no longer preferential if everyone gets the same treatment,”22 competition among

19. See, for example, the statement of a Shaanxi representative in Vermeer’s contribution to this volume. The north-eastern “rust-belt” provinces with their high levels of ailing state industries stemming from the Japanese developmental programme in pre-war Manchuria are another case in point here. While Heilongjiang, Jilin and Liaoning provinces could equally claim to be compensated for the economic and social impact expected after WTO accession, they did not qualify to belong to the “poor interior” according to the prevailing ideological geography. However, financial support was offered to those three provinces not much later. Fearing that wide-spread social unrest could break out in the region after a dynamic labour movement had formed there in early 2002, the CCP’s 16th National Congress in autumn 2002 made a landmark decision to revitalize the north-east. A formal government programme to “rejuvenate the old industrial bases in north-east China” by 2010 was launched in September 2003; see Xinhua, 12, 13 October, 27 November 2003; Xinhua (English service), 14, 28 October 2003.
22. Li Yixue, “Xibu diqu jiakuai fazhan mianlin yanjun tiaozhan” (“Severe challenges facing the accelerated development of the western regions”), *Hongguan guanli (Macroeconomic Management)*, No. 9 (1999), p. 21; for early criticism of the interior provinces’ FDI rush and competition for preferential policies see Xinhua, 29 January 2000, *South China
western provincial jurisdictions for foreign trade privileges seemed to escalate during this first stage of implementation. Faced with an external obligation gradually to phase out protectionist measures over a certain transition period after China’s WTO accession, the official rhetoric of “not missing the opportunity” seemed to imply that the interior regions had little time left to catch up with the coastal areas and gain a foothold in the world of global competition.

Setting up the Organisational Framework – the SDPC’s Playground

When the Open Up the West strategy was declared official state policy in November 1999, an organizational framework for the new policy had already been cast. Media reports during the following weeks indicated that Premier Zhu Rongji and Vice-Premier Wen Jiabao had been appointed head and deputy head of a newly formed “State Council Leading Group for Western Region Development” whose tasks were defined as guiding, organizing and executing various stages of the new policy. Unlike most other “leading groups” which had sprung up during the reform period each time a new policy priority arose, this new institution was not formally affiliated with the CCP Central Committee but with the State Council. It was extremely large, comprising 17 members (later to become 23) all of them with the rank of ministers or heads of Central Committee departments.

The Leading Group for Western Region Development (Table 1) represents a collection of high-level Party and government leaders whose portfolios are best described in terms of macroeconomic and financial work, administration of infrastructure and resources, and as propaganda and public relations. This line-up suggests that the leading group was to serve as a high-level forum for the co-ordination and balancing of divergent departmental interests involved in the new strategy. At the same time, its composition was much closer to a board with vague consultation and co-ordination functions than a specialized administrative organ with clear-cut competences. With a low degree of regional expertise and specialization, the leading group did not promise to become a very effective working body. The broad participation of representatives from propaganda, media, culture and nationalities affairs instead signified the launch of a large-scale party-state campaign. On the other hand, the

footnote continued

Morning Post (SCMP), 3, 9 March 2000; Zhongguo xinwen she (ZXS), 5 September 2000; Xinhua (English service), 21, 24 October, 1 November 2000.

23. SCMP, 22 November 1999; ZTS, 3 February 2000. After the State Council reshuffling of March 2003, the new Premier Wen Jiabao was named head of the leadership group, with new Vice-Premier Zeng Peiyian serving as deputy head; Xinhua, 10 June 2003.


25. For a critical assessment of the leading group see Sasaki, “Political analysis”; Song Jiankun and Wu Jinming, Qiyu jingji fazhan de longxing zhanlue (The Dragon-shaped Strategy of Regional Economic Development) (Beijing: Zhongguo shibao jingji chubanshe, 2002), pp. 142–43.
Table 1: **Composition of the Western Region Development Leading Group**

<table>
<thead>
<tr>
<th>Title</th>
<th>Name</th>
<th>Affiliation with CCP / government institution</th>
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<tbody>
<tr>
<td>Head</td>
<td>Zhu Rongji</td>
<td>Premier</td>
</tr>
<tr>
<td>Deputy head</td>
<td>Wen Jiabao</td>
<td>Vice-premier</td>
</tr>
<tr>
<td>Members</td>
<td>Zeng Peiyan</td>
<td>Minister of the State Development Planning Commission (SDPC)</td>
</tr>
<tr>
<td></td>
<td>Sheng Huaren</td>
<td>Minister of the State Economic and Trade Commission (SETC)</td>
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<td></td>
<td>Chen Zhili</td>
<td>Minister of Education</td>
</tr>
<tr>
<td></td>
<td>Zhu Lilan</td>
<td>Minister of Science and Technology</td>
</tr>
<tr>
<td></td>
<td>Liu Jibin</td>
<td>Minister of the Commission of Science, Technology and Industry for National Defence (COSTIND)</td>
</tr>
<tr>
<td></td>
<td>Li Dezhu</td>
<td>Minister of the State Nationalities Affairs Commission</td>
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<tr>
<td></td>
<td>Xiang Huaiicheng</td>
<td>Minister of Finance</td>
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<tr>
<td></td>
<td>Tian Fengshan</td>
<td>Minister of Land and Natural Resources</td>
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<td></td>
<td>Fu Zhihuan</td>
<td>Minister of Railways</td>
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<td></td>
<td>Huang Zhendong</td>
<td>Minister of Communications</td>
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<tr>
<td></td>
<td>Wu Jichuan</td>
<td>Minister of Informations Technology and Telecom Industry</td>
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<tr>
<td></td>
<td>Wang Shucheng</td>
<td>Minister of Water Resources</td>
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<td></td>
<td>Sun Jiazheng</td>
<td>Minister of Culture</td>
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<tr>
<td></td>
<td>Dai Xianglong</td>
<td>Governor of the People’s Bank of China</td>
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<tr>
<td></td>
<td>Liu Yunshan</td>
<td>Deputy head of the CCP Propaganda Department</td>
</tr>
<tr>
<td></td>
<td>Tian Congming</td>
<td>Director of State Administration of Radio, Film and Television</td>
</tr>
<tr>
<td></td>
<td>Wang Zhibao</td>
<td>Director of State Forestry Bureau</td>
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<tr>
<td></td>
<td>Wan Xueyuan</td>
<td>Director of State Bureau of Foreign Experts</td>
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</tbody>
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**Source:**


State Environmental Protection Agency (SEPA) was conspicuously absent (and still is today), a fact which might result from this agency’s early critical assessments of the ecological damage that could be caused by an irrational development craze.26 While ecological construction is given top priority in official discourse, many Chinese environmentalists fear that without SEPA’s direct input in the planning process, environmental protection will not be integrated with economic development in a com-

prehensive manner but rather be reduced to a series of secondary campaigns.  

To tackle the deficits in administrative efficiency and to deal with day-to-day business, an “Office of the State Council Leading Group for Western Region Development” was established under the aegis of the State Development Planning Commission (SDPC) in Beijing. Consisting of several divisions, including comprehensive planning, economy and society, agriculture and forestry, and core human resources, the office was assigned the tasks of research and proposing specific policy in these various fields. Zeng Peiyan, head of the SDPC and member of the leading group, was appointed office director. The office seems to have a staff of only about ten officials recruited from the State Council’s Economic Restructuring Office, the State Council’s Development Research Centre and other units. With so few staff, it can be presumed that the SDPC’s personnel resources are regularly made use of in the day-to-day management of the Open Up the West policy. Thus, it seems likely that since the inauguration of the new policy, the SDPC has wielded strong influence on its formulation as well as its implementation.

It does not seem too far-fetched to suggest that by vesting the SDPC with the institutional power to put this new policy into practice, it was compensated for the loss of competences it had suffered in earlier years. The status of the once powerful State Planning Commission had declined gradually over the reform period with the introduction of market economy elements. It had reached a low in the wake of the administrative reforms initiated by Zhu Rongji in spring 1998 when the State Economic and Trade Commission (SETC) was upgraded to form a “super ministry” in charge of the domestic economy, and the competences of the SDPC were limited to the formulation of long-term macroeconomic strategies and development programmes. By obtaining effective authority over the Open Up the West policy, the SDPC regained some of its former institutional leverage. The trend of upgrading the SDPC has been confirmed by the most recent reorganization of the State Council in March 2003 which included the SDPC’s transformation into the “State Development and Reform Commission” (SDRC) and expanding its competences to include day-to-day macroeconomic regulation and reform.

While this move clearly is meant to signify an ongoing organizational evolution in the commission’s image from command-style economic planning to a more modern management of the market economy, it may

28. The new office was modelled on the Special Economic Zone Office under the State Council which had been established in September 1984, ranking at the same administrative level as the Taiwan Affairs Office or the Overseas Chinese Office; see Sasaki, “Political analysis,” p. 19; Malcolm Lamb, Directory of Officials and Organizations in China. A Quarter-Century Guide (Armonk, NY: M.E. Sharpe, 1994), p. 352.
31. Xinhua, 6 March 2003.
be doubted whether its actual modus operandi has evolved in parallel. Particularly from the perspective of the SDPC’s (now SDRC’s) suborganizations at the provincial and local levels, now in charge of the co-ordination of the implementation of relevant elements of the new policy in their territories, the Open Up the West programme seems to be perceived as an alluring playground for the projection of bureaucratic power over other departments.

Shifting Priorities and Competing Agendas

The SDPC had begun work even before the leading group was formally established, drawing up an implementation plan for the Open Up the West strategy in late October 1999. The plan consisted of measures in four fields: infrastructure construction; ecological protection; industrial restructuring; and the development of science and technology (S&T), education, and human resources. By January 2000, the Western Region Development Office presented a draft for a more detailed scheme adding the strengthening of “reform and opening-up” as a fifth point, a supplement that might relate to MOFTEC demands. In April 2000, the SDPC announced “ten major projects” – the first in a series of annual lists of large-scale infrastructure projects such as natural gas and water pipelines, railway lines, expressways, or airports – the west-east gas pipeline project, the west-east power transmission project and the Qinghai–Tibet railway ranging among the most costly.

Thus, from the very beginning the SDPC, through the Western Region Development Office, has formulated core parts of the Open Up the West agenda. SDPC policy documents suggest that this can be understood as a macroeconomic version of “killing two birds with one stone.” By increasing the ratio of state investment in the western regions and channelling them into large-scale infrastructure projects, the west is to be developed rapidly along strategic transport and communication lines; at the same time, increased state investments will raise domestic demand and help to tackle the country’s sustained deflation. The SDPC’s Open Up the West discourse seems to be centred around a somehow mechanistic assumption.

32. The SDPC’s authorization as leading organ for the implementation of the Open Up the West policy has been formally acknowledged in the “‘Shiwu’ xibu kaifa zongti guihua,” published 25 February 2002, in Shishi xibu da kaifa zongti guihua he zhengce cuoshi (Overall Plan of Western Region Development and Related Policy Measures) (Beijing: Zhongguo jihua chubanshe, 2002 (bilingual Chinese/English edition)), pp. 1–25, 89–131.
that central finances spent for large infrastructure projects will more or less automatically enhance the integration of the western regions into the national socio-economic system.

While the SDPC delivered the core agenda of the Open Up the West policy, other agendas have been clustered around it and priorities shifted over time according to the changing assertion of departmental and regional interests. Soon after the policy’s official inauguration, the State Development Bank and the Ministries of Communications, Railways, Water Resources, Forestry, Land and Natural Resources, and Science and Technology produced special construction and financial plans. In addition the CCP Organization Department, the CCP United Front Department, the State Nationalities Affairs Commission, and the Ministries of Personnel and Education became active during the first half of 2000, presenting plans for the training of cadres and other personnel from the western provinces, for the dispatch of qualified S&T personnel to the west, and for the promotion of compulsory education.36

After this vigorous start, however, the process of policy formulation and implementation was delayed significantly. A “Circular of the State Council on policies and measures pertaining to the development of the western region,”37 giving a general outline of policy instruments, was promulgated in October 2000, but it took almost a year until the more detailed “Suggestions on the implementation of policies and measures pertaining to the development of the western region”38 (based on the Circular) were authorized for distribution by the State Council in September 2001. Compared to the four-point scheme of late 1999, there is a much stronger emphasis on improving the investment climate for domestic as well as foreign investors. While ecological goals are not mentioned in the Suggestions, the special developmental, financial and human resources needs of ethnic minority areas are given some emphasis.

An important reason for this delay can be found in the bureaucratic mechanisms of incorporating the Open Up the West policy into the five-year planning framework. The Tenth Five-year Plan (2001–2005), parts of which had to be reformulated after the new policy had been inaugurated in late 1999, was announced at the National People’s Congress in March 2001.39 While it included only a rather tentative blueprint for the new policy, details of the plan had to be negotiated with relevant ministries and departments as well as the provincial-level jurisdictions involved. Eleven months later, in February 2002, the SDPC and the Western Region Development Office completed their “Overall plan of western region development during the Tenth Five-year Plan period,” in

which they presented a rhetorically neat hierarchy of guiding principles, goals and policy measures.  

According to this overall plan, the “overarching strategic goal” of the Open Up the West policy was to attain nation-wide modernization, diminish regional disparities and transform the western region into a “prosperous and advanced new west where life is stable, ethnic groups are united, and the landscape is beautiful.” During the Tenth Five-year Plan period, the specific goals for the western region were to: improve infrastructure; carry out ecological improvement and contain environmental degradation; improve the market competitiveness of local products, the quality of economic growth and economic efficiency; promote S&T and human resources; promote the process of urbanization; accelerate reform of state-owned enterprises and increase the proportion of non-public enterprises and of foreign enterprises; and reduce rural poverty and regional income disparities. Again, the document reveals a strong pre-occupation with large-scale infrastructure construction, which takes up around one-third of its length. Numerous infrastructure projects are woven into a network of inter-provincial economic zones that are to be developed along main “communication arteries,” namely the Longhai–Lanzhou–Xinjiang railway, the upper reach of the Chang [Yangtze] River, the Nanning–Guiyang–Kunming area, as well as Tibet, Xinjiang and other minority regions. It is thus envisaged that extensive areas will develop into future economic belts, revealing a grand vision of integrating the western backwater into the national realm of urbanity, wealth and enlightenment. Even more ambitious, the new policy is claimed to be not only of economic but also of political significance, as it aims to “eliminate regional disparities gradually, consolidate the unity of ethnic groups, ensure border safety and social stability, and promote social progress.” On the other hand, environmental protection is addressed through a series of isolated campaigns to ban logging, afforest the region and control water pollution. Formulated to mobilize official and public support for particular challenges, these campaigns emphasize grand sweeping gestures at the expense of long-term planning and closely monitored implementation.

These documents provide a proliferation of economic, social, ecological, political and ideological goals that are sought to be fulfilled by an increasingly wide and disparate array of policy measures. Some potential conflicts between the goals may have become exacerbated through the implementation of the Open Up the West policy. These include conflicts between state investment and market-led growth, between large-scale infrastructure construction and ecological goals, and between forced economic development of minority areas and the maintenance of social

40. *The Overall Plan of Western Region Development*. For the formulation process of the plan see Li Zibin, “Caiqu youli cuoshi, zhichi xibu kaifa” (“Take effective measures, support Opening Up the West”), www.sdpc.gov.cn/e/e200109061.htm.

41. Quotations are taken from the English version of *The Overall Plan of Western Region Development*, pp. 91, 98–99; for an assessment of ecological aspects see Economy, “China’s go west campaign.”
and political stability. Yet the policy documents give no clue at all how to resolve these potential conflicts. Rather, the process of formulation and implementation of the new policy seems to be meandering through a cluster of diverse, sometimes competing agendas bearing the stamp and serving the interests of many different agents.

Who’s In, Who’s Out? The Dynamic of Centre–Province Relations

The diverse nature of the Open Up the West policy and the diffuse decision-making process created space for a dynamic interplay between the central party-state and provincial jurisdictions. When they received signals that some of the privileges formerly given to the coastal areas would now be granted to the hinterland, interior provinces started to bargain on the basis of the numerous goals set by the central leadership. In a drawn-out process, provincial actors tried to maximize their benefits, competing for state investments, infrastructure projects, special FDI policies, ecological and minority area projects, and other preferential measures of all kinds. While the specific bargaining mechanisms are unclear, it seems that provincial interests were voiced through personal representatives in the central leadership, and through institutionalized channels such as national working conferences and annual sessions of the National People’s Congress and the Chinese Political Consultative Conference. Other important forums for provincial lobbying were the conferences and symposia organized in various provincial capitals after early 2000. With the attendance of top leaders, these conferences proved to be of direct benefit to the provincial-level jurisdictions who had the honour to host them, and other provincial representatives also took the opportunity to gather with representatives from the central leadership to emphasize their special development needs.

The demarcation of regions as part of the development programme to Open Up the West was not clear from the beginning. According to Deng Xiaoping’s strategy of “two overall situations,” coastal areas were now expected to subordinate their interests to the “interior areas” but without specifying which provincial jurisdictions precisely were to be included. Looking at the formative academic discourse of the latter part of the 1990s, central and western regions had always been mentioned in one breath as those entitled to enjoy the benefits of the new development strategy. According to the geographic categorization prevalent during the Ninth Five-year Plan, the central region comprised nine provincial jurisdictions (Heilongjiang, Jilin, Inner Mongolia, Hubei, Shanxi, Hunan, Anhui, Jiangxi and Henan) while the western region comprised ten

43. Conferences were held in May 2000 in Kunming, in October 2000 in Chengdu; in September 2001 in Xi’an; and in April and May 2002 in Xi’an and Chongqing (with Jiang Zemin attending); see Xinhua, 17 May, 21 October 2000, 5 September 2001; Heike Holbig, “Politischer Auftrieb für Strategie ‘Aufbau West’,” China aktuell, May 2002, pp. 499–500.
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(Xinjiang, Qinghai, Gansu, Ningxia, Shaanxi, Tibet, Yunnan, Sichuan, Chongqing and Guizhou).44

The same broad regional definition underlay the early statements on the Open Up the West strategy Jiang Zemin made in 1999 – most explicitly in his June 1999 speeches where he consistently talked about central and western China together. Also, in June 2000, SETC, SDPC and MOFTEC drew up a list of special local industries to enjoy preferential treatment to attract foreign investors which included 20 provincial jurisdictions: the 19 in western and central China plus, surprisingly, the Guangxi Autonomous Region which, as part of the eastern region, had already received many benefits in the course of the coastal development strategy in the 1980s and early 1990s.45

Financial constraints of the central budget might have been the main reason why this large number could not be maintained. Also, from a developmental perspective of resource allocation, it did not seem reasonable to divide the pie among 19 (or 20) provincial-level jurisdictions. Thus, during the first half of 2000, the Open Up the West policy was limited to the western region only in a narrow sense. The central region became a developmental “bridge” between east and west – a term that caused strong resentment among central China representatives as it implied that they, for the time being, were not to receive any special funds or preferential treatments from the centre.46

Various tactics used by central leaders to rein in inter-provincial conflicts can be observed. At a meeting on financial matters in January 2000, Premier Zhu Rongji admonished “various localities” to “take into account China’s overall modernization drive and strategies” and to “align ideologies and actions with the Party Central Committee’s important decisions.”47 At the National People’s Congress in March 2000, where officials from inland provinces expressed their strong desire for an economic take-off, they were warned by senior leaders not to take advantage of the new policy to hatch fantastic or wasteful projects and resolutely to curb corruption.48 Over the following months, central government representatives repeatedly criticized inland provinces for their “gold-rush mentality” and their blind zeal for special economic zones and other privileges. Zhu Rongji warned against “tendencies like rushing headlong into mass action and formalism in the development of China’s vast western areas” instead of developing the region in a “down-to-earth-manner.”49

46. Author’s interviews with government and business representatives in Henan and Hubei provinces in June and July 2000.
47. Xinhua (English service), 23 January 2000.
49. Xinhua (English service), 24 October 2000; see also ZXS, 5 October 2000; Xinhua (English service), 21 October 2000.
In addition to this kind of criticism directly aimed at disciplining provincial behaviour, another more subtle tactic can be discerned in the refusal of central leaders to give a comprehensive estimate of the funds earmarked for the Open Up the West programme. While some official figures about state investments for particular infrastructure projects have been produced, no clear information has been given in advance on the provision of central funds for the programme at large with its numerous economic, technological, human resources, social and ecological measures. This discretion could partly stem from a lack of integrated central planning and the constant shifting of agendas. On the other hand, a lack of financial transparency could also be intended by central leaders to prevent provincial jurisdictions from claiming their share of the prospective pie too aggressively.

Senior leaders emphasized two special goals of the Open Up the West policy, presumably directed at legitimizing the exclusion of the central region. First, ecological aspects were stressed, including the need to solve problems in a “trans-regional” manner. Thus, the south-west was upgraded as an ecological problem zone because of the erosion of soils and the devastating floods originating there; likewise, the north-west was identified as a geographic macro-region suffering from a notorious shortage of water, leading to rapid desertification that caused serious consequences for the whole of China. The central region, however – although it suffers equally from ecological degradation – was not identified as a homeland of naturally-bestowed overarching ecological problems. Secondly, political aspects related to the minority nationality areas were emphasized. If minority nationalities were not given better chances for economic development, it was argued, then social harmony, political stability and national security would be in danger. As the country’s minority nationalities were concentrated in the western region, this was another ready-made justification for excluding the central provinces from the scheme.

By emphasizing these special goals, however, the back door was opened for exceptions to be made in the case of single provincial-level jurisdictions. Thus, Inner Mongolia managed to be included on ecological grounds: as part of the arid zone of China’s north, and as a region bordering the problem area of the Huang [Yellow] River, it formed part of the ecological system of north-west China. In the media, the regular sandstorms befalling Beijing every year were traced back in particular to

50. Financial data are usually given only a posteriori. For example, at the 16th Party Congress in November 2002, it was revealed that the central government had injected 260 billion RMB yuan into developing China’s west during the three years 1999–2001; of the total, about 200 billion yuan were allocated for infrastructure, 50 billion yuan for environmental projects and over 10 billion yuan for social undertakings; see http:www.16congress.org.cn/english/features/48601.


the desertification of Inner Mongolia. In summer 2000, Zhu Rongji was quoted as saying: “We will have to move the capital from Beijing unless we can stop the desertification.” Similarly, the emphasis on the development of minority areas seems to have served as a welcome legitimization to include the Guangxi Zhuang Autonomous Region as part of China’s new “west.” Thus, 12 provincial-level jurisdictions were eventually included in the Open Up the West policy by autumn 2000.

Still later in the bargaining process, however, three other central region provinces managed to have one autonomous prefecture within their territories included in the scheme, again on the ground of being home to minority nationalities. According to the State Council’s Suggestions of September 2001, the Xiangxi Tujia–Miao Autonomous Prefecture of Hunan province, the Enshi Tujia–Miao Autonomous Prefecture of Hubei province, and the Yanbian Korean Autonomous Prefecture of Jilin province were entitled to receive “preferential treatments … in the light of related policies and measures.” According to a representative of the Western Region Development Office, the three autonomous prefectures had actually been included during the first half of 2001. By now, China’s “west” reached from the Korean border in the north to the Beibu Gulf in the south, while the major part of central China had been excluded.

Economic growth figures for 2002 demonstrate clearly that it pays to be part of China’s new west: nominal growth rates of the provincial-level jurisdictions included in the Open Up the West policy have already started to rise significantly. According to the State Statistical Bureau’s GDP data for 2002, with the exception of Xinjiang and Yunnan which had experienced relatively high growth rates in the years before 1998 but lower rates since, the other ten “western” provinces recorded economic growth rates of 10.6 per cent on average. Leading were Tibet and Qinghai, each with 12.4 per cent (higher than the coastal province of Zhejiang with 12.3 per cent), and Inner Mongolia with 11.6 per cent (the same as the coastal province of Jiangsu); Guangxi, with 10.3 per cent, also recorded above-average rates. The bulk of central region provinces, however, were the “losers” of the regional bargaining process, recording an average growth of “only” 9.6 per cent, with Anhui at the bottom with 8.9 per cent.

54. See the list of provincial jurisdictions included as given in the “Circular of the State Council on policies and measures pertaining to the development of the western region,” pp. 12–13.
55. “Suggestions on the implementation of policies and measures pertaining to the development of the western region,” pp. 150–51.
56. Author’s interview with Hu Changshun, 7 April 2001.
58. Chi-Chu Tschang, “China’s provinces all grew faster than national average in 2002,” Bloomberg News Archive, 5 February 2003, http://quote.bloomberg.com/fcgi.dll?ptitle=Economies&s1=blk&otp=ad+topright+econ&T=markets_box.ht&s2=blk&btt=ad+position1+economies&box=ad+box+all&tag=economy+middle=ad+frame2+economies&s=APj+jRWAQ2hpbmEn. It has to be noted here that the average of provincial growth data is two percentage points higher than the figure for national economic growth which is given as 8% for 2002, a phenomenon discussed widely by economists.
Being included in the Open Up the West policy, however, seems to pay off not only in terms of economic but also of political capital. In the new Central Committee of the CCP elected at the 16th Party Congress in November 2002, representation of Party and government leaders from western provinces is significantly higher than in the 15th Committee elected in autumn 1997: up from 55 full and alternative members to 60. The “winners” are Xinjiang with two more full memberships, Tibet with one more full membership, and Shaanxi and Guangxi with one more alternate membership each. The number of Central Committee members from the central region provinces, on the other hand, has remained constant.59

In the new Politburo, one-third of the 24 full members have a personal background in China’s west: Wen Jiabao gained substantial working experience in Gansu, Wang Lequan in Xinjiang, Liu Yunshan in Inner Mongolia, Zhou Yongkang in Sichuan, He Guoqiang in Chongqing, Guo Boxiong in Gansu, Zeng Peiyan in Shaanxi and, most prominently, Hu Jintao in Gansu, Guizhou and Tibet. Immediately after his inauguration as new CCP secretary-general, Hu gave high priority to the Open Up the West policy as part of his attempts to establish a profile as advocate of the country’s poor. Hu – whose political power is based heavily on the support of inland provincial-level jurisdictions – has appeared as a staunch proponent of the economic development of China’s west.60

Looking back at the dynamic of centre–province relations, it is clear that interactions at and above the provincial level have so far been an inherent part of the national decision-making process. On the one hand, pressure from the interior regions – and resistance by eastern and later by central region provinces who increasingly felt neglected – has had significant impact on the formulation of the Open Up the West policy. Concerted initiatives by local administrators and scholars, particularly from provincial jurisdictions in the south-west, have been running ahead of and reacted to central initiatives. On the other hand, as just noted, implementation of the policy has been shaped by provincial strategies to jump on the bandwagon of the party-state campaign and to maximize benefits. In a sense, too, the new policy has produced its own actors as representatives of the west have been promoted to the central leadership and gained influence in the national policy-making process.

Conclusion: Soft Policy under Hardening Budget Constraints

In contrast to the initial quote eulogizing Jiang Zemin’s great deeds “Opening Up the West” can hardly be described as a policy in the narrow sense of a properly delineated action plan formulated and implemented by clearly defined actors, envisaging a complete and consistent set of goals and measures. Rather, it appears as a highly diffuse decision-making

process shaped by dynamic interactions between numerous actors at central, provincial and local levels over almost two decades, causing priorities to shift and policy goals and instruments to proliferate. The outcome of this process may more adequately be described as a “soft” policy: a fragmented cluster of diverse agendas, sometimes competing, but not necessarily contradictory as they appeal to different actors and are promoted in parallel. At least five separate agendas can be identified:

- **Quest for equality.** The promise of reducing regional income disparities and social inequalities appeals to the leaders of the interior who, since the 1980s, have felt increasingly disadvantaged by Deng Xiaoping’s reform policy. Also, it seems palatable to those decision-makers in the central party-state committed to socialist principles, be they conservative Maoists, representatives of the “new left” or proponents of a more social democratic orientation.61

- **Foreign investment.** With the country’s WTO accession becoming more tangible in the late 1990s, the expectation of attracting investments from abroad, too, had a strong appeal to the interior regions, but also to the more liberal forces in the centre who hoped that a unified national market would benefit the whole Chinese economy.

- **Infrastructure investment.** The mechanistic vision of economic and social integration of the country’s vast hinterland into a highly developed PRC by binding them into a network of large-scale infrastructure projects not only promises the possibility of large inflows of state investment to the interior provinces but also appeals to the descendants of economic planners in the SDPC. As the administrative agency formulating and implementing the Open Up the West policy since late 1999, the SDPC – and its sub-organizations at the provincial and local level – has had a strong influence on its realization.

- **Tackling the nationalities issue.** The various special policies for minority nationality areas comprised in the Open Up the West programme reflect a long-standing hope to assimilate and integrate the ethnic minorities at the western periphery better into the PRC and thus to counter any socio-economic and military threats they present – a hope that might be shared by proponents of the “new left” and by more authoritarian or nationalistic strategists at the centre. At the same time, the issue of minority nationality areas has been accentuated as a bargaining tactic in the process of regional demarcation since the official inauguration of the new policy, allowing the inclusion of some provincial-level jurisdictions (and autonomous prefectures) and the exclusion of others.

- **Sustainable development.** A similar logic might be behind the environmental agenda of the Open Up the West policy. While there is indeed a growing concern about accelerated ecological degradation in the country’s hinterland that might affect the whole nation’s economic

growth, this agenda seems to have been emphasized more recently as another bargaining tactic in the regional demarcation process. Preliminary evidence is that at least some of the campaign-style “ecological construction” measures are inadequate if not inappropriate for the ecological needs of the region.

Because of the amorphous and dynamic nature of this soft policy, the future prospects of the campaign to Open Up the West are very difficult to assess. Seen from the perspective of the provincial-level jurisdictions involved, the campaign appears as a highly attractive forum for the negotiation of expectations and real benefits, offering many incentives to continue it for as long as possible. Of course, benefits accruing from the policy are not the same for all but depend on the influence particular actors have on its formulation and implementation. On the whole, it can be assumed that the leverage of single provincial-level jurisdictions in the policy-making process varies with their size and economic weight, with their strategic position in terms of national security and unity, and with the effectiveness of personal networks and lobbying groups. Here there is a need for more detailed understanding of specific actors and competences at (inter)provincial and local levels, of flows of information, bargaining mechanisms and of formal and informal lobbying efforts. All the same, it seems quite clear that the realization of the Open Up the West policy currently depends to a great extent on the specific interpretations and arrangements of the provincial-level jurisdictions involved.

From the perspective of the central party-state, the policy presents an opportunity as well as a liability. Particularly for the new leadership under Hu Jintao, it offers a welcome chance not only to broaden its regional power base, but also to bolster its legitimacy. Understood as large-scale political campaign transcending the specific projects outlined in the Tenth Five-year Plan and other documents, the campaign to Open Up the West implies attractive discourses of a responsible central government, of social and economic equality and of national integration and modernization. While the ideational dimension of the campaign has to be left for further research, anecdotal evidence suggests that central leaders have indeed capitalized on these positive images to enhance their political posture.

The other side of the coin is the enormous financial liabilities that might come with the realization of the large-scale campaign. As already suggested, not being too specific about the central funds earmarked for the new policy might be a tactical device of the central government to avoid stirring up too many expectations among “entitled” regions. However, the campaign will only be viable in the longer term with sustained financial flows into the hinterland. While optimistic economists might predict that after an initial phase of substantive state investment, regional development in the western periphery will reach a take-off phase with strengthened self-funding capacities and increasing foreign investments, these sources seem quite limited for the foreseeable future. More realistically, the central government will pay the largest part of the bill, whether
through continued fiscal transfers (which might provoke other provinces’ resentment) or through policy loans by state banks (which would probably mean bailing them out at some point). In the face of a growing budgetary deficit and the perceived risk of a financial crisis looming over China, these options will not be so easily affordable in the years to come. Under hardening budget constraints, sustaining this ambitious soft policy could become increasingly difficult.