This study examines inter-provincial relationships and the implications of cross-border links in trade and investment that have developed between China and other nations since the 1990s. By studying these relationships as well as centre-province relations from the perspective of the provinces, this work attempts to suggest a new framework for analyzing political and economic developments in China. Exploration of the issues of localism, provincialism and regionalism in China and of transnational linkages as these terms have been defined in this work, offer scope for much research and analysis but, there are hardly any works that examine these issues within a single framework or draw a substantive link between them. It is therefore, the attempt of the present study to address this lacuna.

This exercise assumes importance in light of several facts. One, economic inequalities among the Chinese provinces inter se have been on the rise since the beginning of the reforms. Two, the question of which is more significant – trade and investments between China’s provinces or that between the provinces and the outside world – is still under debate. This debate about the level of integration of the Chinese national economy points to a number of differences between provinces. Among these, are the differing starting points in time, level of resources, policy environment, and elite willingness to reform, among other things and now the fact that those provinces that were the fastest to take the initiative to reform also appear to be extending their lead over the laggards and not just in the economic realm. Three, in the process, the dynamics of centre-province relations have ensured that there has been, if not a weakening of central power over the provinces, at the very least an accretion of power - political and economic - of the provinces, especially of those along the eastern seaboard. The thesis argues that each of these factors has a bearing on the relations of the provinces with the centre, with each other and with the outside world, and points out that contrary to dire predictions of the future of China, such relationships are far from zero-sum games though on occasion they certainly have been so. Rather, the thesis posits the idea of regime-preserving federalism, to explain how China despite its size
and incredible complexity has survived this long and might continue to survive as a single-party state.

The first chapter, Why Chinese Provinces?, sets out the rationale for the examination of China’s provinces as the focus of study. It looks briefly at their historical place in the Chinese polity and examines the continued vital function that they play as the middle echelon in the Chinese administrative hierarchy.

The second chapter titled, Centre-Province Relations – The Sources of Political Localism, studies the nature of centre-province relations and the degree of provincial autonomy available within the system. It first outlines those features of the Chinese political and administrative system that allow for the expression of the interests of the provinces, and follows up with an examination of how the Chinese fiscal system has evolved in the reform era and its impact in terms of decentralization and recentralization by the centre.

Provincialism in China – The Provinces in Competition, the third chapter, examines the issue of inter-provincial competition, looking first at inter-provincial disparities and how these have set the stage for such competition. While economic protectionism and various political dynamics are also scanned as part of inter-provincial competition, an important focus in this chapter is the question of possible dependencies that might arise from the widening gap between the coastal and the interior provinces. Also examined are how cultural differences and ethnicity might play role in exacerbating inter-provincial rivalries.

Provinces, however, do not only compete but often also cooperate with each other and the fourth chapter, Regionalism in China – The Provinces in Concert, looks at how, provinces interact with each other, either on their own initiative or under central guidance to achieve common goals. Economic transformation in China is now increasingly taking place within certain large economic regions comprising of the territories of several provinces and the formation of such regions also has political implications. After examining the rationale for regional analysis and a brief history of region formation in China, three specific examples of the Western
Region, the Pearl River Delta economic region and the Yangtze River Delta economic region are examined in the chapter.

In the fifth chapter, Transnational Linkages – The Provinces under Globalization, the increasing openness of the provinces to foreign investment and foreign economic ties is examined for its consequences for not just the provinces but for the nation as well. The foreign economic relations of Yunnan province form a brief case study of the potential and direction of such ties that can be quite different than the case of the coastal provinces. The chapter however, focuses on the several reasons why provinces might want to expand their links with other countries and sometimes in preference to expanding links with other parts of China. In addition, issues of ethnicity and the interplay of economic and political influences involved in economic linkages across borders is also examined as also the consequences for the formulation of Chinese foreign policy.

The concluding chapter, Regime-Preserving Federalism, combines the various findings of the previous chapters to construct a possible explanation for the nature of centre-provincial and inter-provincial relationships in modern China. Regime-preserving federalism holds that the centre and the provinces, have in the reform era, cooperated using certain rules and practices that have been informally agreed upon and that this helps best explain China’s progress during this period despite the sheer scale and complexity of the change involved and all their attendant problems. Further, given that the complexity of administrative coordination between national and provincial authorities is only likely to increase in the future, the Chinese central government will increasingly need to rely on the cooperation of many, or at least some, of its provincial capitals to ensure viable and acceptable domestic, and indeed, foreign policies. Assuming that the Communist Party of China (CPC) wishes to continue to hold on to the reins of power, the scope of regime-preserving federalism is only likely to expand with informal rules eventually finding concrete legal expression.
Note on Transliteration

The pinyin system of transliteration of Chinese names and terms has been used throughout the work except in the case of well-known Chinese names such as Sun Yat-sen, the Kuomintang or the Yangtze and in the case of the names of Chinese from Hong Kong and Taiwan or of other overseas Chinese. Chinese names are usually used in the traditional style of the surname first, followed by the given name, except where the authors themselves have preferred to use the Western style.