

AN ANALYSIS ON THE CAUSES OF DEVELOPMENT DIFFERENCES AMONG THE EASTERN, CENTRAL AND WESTERN PARTS OF CHINA

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ABSTRACT: The formation and enlargement of economic development differences among the eastern, the central and the western parts^① in China are resulted from long-time evolution of comprehensive effects of historical, natural and social factors. Contemporary unbalance of regional economic development enlarges the differences of economic grades in the three parts of China. It is a good way for the western China to carry out the strategy of overall opening to outside world, but it should emphasize to connect with the Pacific Area and the eastern and central parts of China. Meantime, it is not negligent for the western part to accelerate the construction of traffic vein connecting the western part with the eastern part.

KEY WORDS: economic grade, Pacific economic circle, development strategy

I. DEVELOPMENT DIFFERENCES AMONG THE EASTERN, CENTRAL AND WESTERN PARTS OF CHINA

Development differences among the eastern, central and western parts of China have already become a question attracting world-wide attention. Form Table 1, it can be seen that many aspects, such as gross economic output, gross domestic products (GDP) per capita, total foreign investment, total investment scale, etc. present a gradual descending trend from the eastern part to the western part. The further analyses show that there is a sharp contrast as follows: in the eastern part, the proportion of secondary industry and tertiary industry is higher, the degree of the rural industrialization and urbanization is higher, the proportion of collective-owned and non-state-owned economy composition is higher, the proportion of light industry

① The western part refers to Inner Mongolia, Shaanxi, Ningxia, Gansu, Qinghai, Xinjiang, Sichuan, Guizhou, Yunnan, Tibet, Guangxi; the central part refers to Jilin, Heilongjiang, Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi; the eastern part refers to Liaoning, Beijing, Tianjin, Hebei, Shandong, Shanghai, Jiangsu, Zhejiang, Fujian, Guangdong, Hainan, excluding Taiwan, Hongkong and Aomen.

and the number of the foreign invested enterprises is larger; on the contrary, in the central part and the western part, the proportion of primary industry is higher, the proportion of secondary industry and tertiary industry is relatively lower, the proportion of state-owned economy composition is higher, the proportion of collective-owned and non-state-owned economy composition is lower, the degree of the rural industrialization is lower, the development speed of township enterprises is slower, the proportion of heavy industry represented by processing raw materials and elementary products is higher. According to the analysis in the aspects including investment in fixed assets, market occupation ability of products, qualified personnel, technology, funds and investment environment, etc., the eastern part has obvious advantages over the central part and the western part, which indicates that, in a long period, the development driving force of the eastern part will be still greater than that of the central part and the western part, and the trend that the absolute development differences among the three parts of China will be enlarged continuously can be avoided (Chen, 1995 a)

Table 1 The comparison of main social and economic indexes of the eastern, central and western parts of China

Item	Eastern	Central	Western	Eastern:Central:Western
GDP(100 million yuan)	25366.1	11733.4	8486.9	2.99:1.38:1.00
Population(10 000 person)	44440	40362	34069	1.30:1.18:1.00
GDP per capita(yuan)	5707.9	2907.0	2491.1	2.29:1.17:1.00
Gross output of industry (100 million yuan)	50159.1	16739.7	10011.1	5.01:1.67:1.00
Gross output of township enterprises (100 million yuan)	29052.2	9601.9	3989.5	7.28:2.41:1.00
Freight traffic (10 000 t)	552231	31895	261860	2.11:1.22:1.00
Turnover volume of freight traffic (10 000t.km)	8367	6475	4150	2.02:1.56:1.00
Business revenue of postal and telecommunicational service(10 000 yuan)	477.34	128.74	81.71	5.84:1.58:1.00
Long distance telephone call (10 000 pieces)	520495	146626	90521	5.75:1.62:1.00
Total value of import and export (US\$ 10 000)	20832639	1545044	1204545	16.09:1.19:1.00
Foreign capital actually invested (US\$ 10 000)	2566806	255657	200858	12.78:27:1.00
Capital construction investment (100 million yuan)	3397.56	1305.32	1150.76	2.95:1.13:1.00
Enterprises personnel in state-owned(person)	7868491	5827237	4962961	1.59:1.17:1.00
Transaction value in technical market(10 000 yuan)	1470018	509039	302241	4.86:1.68:1.00

Source: State Statistical Bureau, People's Republic of China, *Statistical Yearbook of China*, 1994

Hereby, it is necessary to emphasize that the development differences among the eastern, central and western parts are emerged not in a short time or just by accident. On the contrast, the difference is an outcome of historical accumulation and deposition. The difference is not a result from single factor but from comprehensive factors. The difference is no other a miraculous phenomenon deviating from historical development tracks than an outcome in accordance with historical development laws.

II. LOCATION AND HISTORICAL FACTORS OF DEVELOPMENT DIFFERENCES AMONG THE EASTERN, CENTRAL AND WESTERN PARTS OF CHINA

The difference made by the location in the susceptibility to the industrialization process of contemporary world is the main cause of development differences. The development of the world history indicates that, in every historical development stage, there was a batch of regions developing faster than average level of the world. The basic characters of these regions are that their natural environment condition, social structure, social ideological trend, economic system and economic policies, etc. are fitted in with the mode of production and the level of production at that time. Compared with other regions, their productive forces (including resources, labor force, etc.) are brought into play sufficiently. Normally those regions which are next to, adjacent to or susceptible to and have close relations with the developed regions have better development. In ancient agriculture society of China, political central part and economic central part were located in Guanzhong (the central Shaanxi Plain) and Zhongyuan (the middle and lower reaches of the Huanghe (Yellow) River) all the time. Silk Road was the main economic channel connecting China with the outside world. Until the Southern Song Dynasty, the economy of Jiangnan area (the region in the south of the lower reaches of the Changjiang (Yangtze) River) had made a rather rapid progress. In the 15th century, the capitalism of Chinese agriculture began to germinate in Jiangnan area with developed commerce, especially in those areas possessing developed commodity economy such as Jiangsu Province, Zhejiang Province, Guangdong Province and Hubei Province, etc., and created favorable soil for growth of the modern industry. Advent of bourgeoisie democratic revolution changed the picture of the economic development in the world, broke the closed feudal society. Commodity became a kind of weapon conquering the world. From Industrial Revolution of Britain in the 18th century to the development of contemporary information (post-industrialization society), the development and advance may be considered as a kind of the "ocean culture". Following industrial revolution in Britain, the European countries did their utmost to catch up. So did the America and the Oceanic till the 19th century. In Asia, it was Japan that was the first to adopt the West industrialization process and obtain success (in the latter half of the 19th century). The whole process was proceeded through the ocean, that is to say, through conquering colonies by warship and gunboat policy. Therefore, in the industrialization development process of the world, the countries and areas along the ocean and the coast are often those regions which are earlier influenced by modern industrial civilization. On the contrary, inland areas, especially inland mountain areas, are influenced by modern industrial civilization not only at later time but also with a small intensity, which is an important historical cause gradually bringing about the differences in consciousness, thought, idea, mode of production, techniques of production, behavior of life, etc.

It's no doubt that the economic development differences among the eastern, central and western parts have a close relation with the influence of the process of the world industrial development. After the Opium War, the invasion of capitalism aimed firstly at the coastal areas of

China. Opening of commercial port, cession and leasing of territory took place principally in the coastal areas. It may be said that contemporary industry of China was also landed by the coast. In a sense, Shanghai is the cradle of modern industry of China. In the second half of the 19th century, with the invasion of capital, foreign capital and national capital began to develop industry and mining characterized by industrial society production in China. Its distribution of industry was concentrated mainly on the coastal areas and the middle and lower reaches of the Changjiang River where there were good transportation services, good agricultural basis, convenient trade conditions with the foreign world and fairly prosperous commodity economy. Table 2 shows the industry and capital distribution of China at the beginning of the 20th century. It is quite evident that the differences among the eastern, central and western parts had formed at that time. Among them, Jiangsu, Shanghai, Guangdong, Shandong, Beijing, Tianjin, etc. were major industrial areas, Hebei, Hunan, Liaoning, Sichuan, Jilin, etc. were in the secondary position, other inland provinces were worse (Wang, 1957). Although China was in the status of semi-colonial and semi-feudal society at that time and all kinds of industries lagged behind, general industry, as a kind of rising industry, represented the new direction of historic development and gave rise to strong development power. As the landing area of modern industry, coastal areas and the low reaches of the Changjiang River have an advantage in development. For the central areas, they were influenced by industrialization slower and weaker than Shanghai and coastal areas, but earlier and stronger than the inland areas (especially Wuhan City). This evolves gradually into historical basis of development differences among the eastern, central and western parts or among the upper, middle and lower reaches of the Changjiang River.

Table 2 The distribution of China's industry, mining and capital early in the twentieth century

Item	Sub-item	Eastern	Central	Western	Total	Year
Factories & mines with personnel more than 500	State					1900 - 1910
	Factories & mines	104	12	0	116	
	- owned workers	109026	21959	0	120986	
	Foreign					
	Factories & mines	32	6	2	40	
	- owned Workers	87410	14000	8000	240395	
Sum	Factories & mines	136	18	2	156	
	Workers	196436	35959	8000	24039	
Capital (1000 yuan)	Bank & mortgage	87924	6130	15591	164855	1912
	Industry	43542	8475	2787	54804	

Source: Wang, 1957

In fact, It was because of the influence of the difference in the susceptibility to industrialization that the development differences among the three parts had evidently existed by the years just following liberation. As shown in Table 3, in the years just following liberation, in the Changjiang River valley, gross output value of industry(GOVI), gross output value of industry and agriculture (GOVIA), gross output of society of Shanghai City and Jiangsu Province obviously exceeded that of the others; the same situation can also be seen when we

compared per capita output of industry, per capita output of agriculture, per capita output of society and per capita national income; Zhejiang Province, Hubei Province have good situation, too. Undoubtedly it laid a good foundation for all above-mentioned provinces and cities to have a more developed position at present. In early days of liberation, Hunan, Yunnan and Guizhou provinces were in a less developed state, which corresponded to their current backward place in the whole Changjiang River valley. As a big economic province, Sichuan was noted for both the great amount of gross industry and agriculture output value, gross output of society and low per capita level, which is also similar to the present situation. Hence, the regional difference of the eastern, central and western parts of China arose in the course of historical development, and had long historical reasons.

Table 3 The comparison of economic development of the provinces along the Changjiang River valley in 1949 and 1952

Region	Gross output value of industry		Per capita	Gross output value of industry and agriculture		Per capita	Gross output value of society (1952)		Per capita gross national income (yuan)	
	($\times 10^8$ yuan)		GOVI (yuan)	($\times 10^8$ yuan)		GOVIA (yuan)	Total	Per capita	1949	1952
	1949	1952	1949	1949	1952	1949	($\times 10^8$ yuan)	(yuan)		
Shanghai	35.91	68.08	714.03	37.33	71.49	742.27	85.84	1673.68		388
Jiangsu	12.23	25.53	34.82	54.33		154.70	65.64	175.55		95.3
Zhejiang	4.05	8.24	19.44	18.75	30.50	90.01	35.56	160.70	66	103
Anhui	3.63	6.5	13.03	20.90	28.67	75.18	34.47	116.22	60.52	76.87
Jiangxi	2.64	6.97	20.09	12.52	22.32	95.28	27.08	163.56		
Hubei	4.73	9.73	18.33	21.46	32.36	83.15	3565	129.58	84	82.73
Hunan	3.18	8.19	10.65	19.02	31.98	63.68	36.86	112.68	52.36	78
Sichuan	7.31	16.08	12.76	43.51	59.08	75.93	53.40	83.29		59
Guizhou	1.65	2.86		11.25	13.47		12.69			
Yunnan	1.86	3.63	11.66	11.11	14.34	69.66	16.83	99.29		62.4
Qinghai	0.19	0.27	12.81	1.52	1.87	102.47	2.27	140.66	85.30	94.19

III. THE INFLUENCE OF CONTEMPORARY WORLD ECONOMY ON THE DEVELOPMENT OF THE EASTERN, CENTRAL AND WESTERN PARTS OF CHINA

From the viewpoint of the regional differences of the contemporary world economy development, the gradient change of economic development of the eastern, central and western parts of China is a continuation of the gradient change of the Pacific economic circle. We may consider that, in the regional economy of China, Japan is the first grade of the economic ladder and its per capita GNP (gross national product) exceeds US \$ 20 000; Taiwan, South Korea, Hongkong are the second one, their per capita GNP are around US \$ 10 000 – 15 000; the coastal areas of China, including Shanghai, Guangdong, Jiangsu, etc. are the third one and their per capita GNP fluctuate around US \$ 800 – 1 500. The inland areas, i. e., the central

part and western part of China, respectively belong to the fourth and the fifth development ladders. Since the 1980s, with increasing openness of China, the differences between the coastal and the inland areas are further enlarged. Because the coastal area and the lower reaches of the Changjiang River are close to or easy to connect with the developed economic areas (Pacific developed economic circle), a lot of foreign capital is attracted to these areas, meanwhile industrial estate is easy to conform with the international conditions and the investment is more profitable. It's comparatively favorable to develop new industry, high technical industry, finance, commerce and trade, information industry, etc. Further extending to the central part and the western part, this kind of favorable conditions is gradually subsided, which bring about potential difference of openness degree among the eastern, central and western parts and great difference of aggregate investment. In addition, the special policies adopted to the coastal areas since the 1980s enlarge again the difference of open degree among the eastern, central and western parts and the difference of investment result, etc.. Moreover, all the factors further enlarge the gradient scope of development ladder of the three parts.

Now, the western part area has been opened up to the peripheral inland countries and can carry on frontier trade. Table 4 indicates that the countries and regions which have a great influence on economy of China in these respects of foreign trade, investment capacity (competitiveness capability), etc. are still mainly the European and American countries which invaded China by landing from the sea in early years, and China's neighbor Japan and South

Table 4 Main countries (regions) influencing Chinese economy at present

Foreign trade (1994)		Economic competition		Total value of used foreign capital (1994)		Total value of trade with China	
Country (region)	Money (US\$ × 10 ⁸)	Country (region)	Competition (%)	Country (region)	US\$ × 10 ⁴	Country (region)	US\$ × 10 ⁴
1 USA	11940	USA	100	Hongkong	1083568	Japan	4789389
2 Germany	7850	Singapore	95.3	Taiwan	339134	Hongkong	4182116
3 Japan	6700	Hongkong	84.7	Japan	306089	USA	3543190
4 France	4540	Japan	81.1	USA	302686	Taiwan	1632698
5 UK	4170	Switzerland	80.7	Singapore	117961	Germany	1189823
6 Italy	3140	Germany	79.3	UK	108584	South Korea	1172065
7 Hongkong	3140	Netherlands	75.5	South Korea	78485	Russia	507589
8 Canada	3040	New Zealand	75.2	France	73375	Singapore	504044
9 Netherlands	2800	Denmark	74.8	Canada	64070	Italy	465872
10 Belgium	2490	Norway	74.4	Germany	58374	UK	418391
11 China	2367	Taiwan	72.1	Italy	52410	Australia	393968
12 Singapore	1990	Canada	71.8	Aomen	50944	France	336337
13 South Korea	1980	Austria	70.9	Belgium	38882	Canada	322769
14 Taiwan	1720	Australia	70.5	Spain	31417	Netherlands	207462
15 Spain	1720	Sweden	70.0	Thailand	23487	Malaysia	274032

Korea and China's Taiwan and Hongkong. Whereas no peripheral country adjacent to the western part of China steps into the ranks of developed countries. For example, in 1994, the

total value of trade between China and 12 countries such as Mongolia, Kazakhstan, Kirghizstan, Uzbekistan, Tadzhikistan, Afghanistan, Pakistan, India, Nepal, Burma, Laos, Viet Nam was US \$ 3516.290 million, only amount to 7.34% of that between Japan and China, 8.4 percent of that between Hongkong and the mainland of China. Moreover, the amount of capital attracted from 12 countries above-mentioned is very little. Thus, in the matter of the influence on the development of the western part of China, the peripheral countries can not match not only those countries and regions which are listed in Table 4, but also other European, American, southeastern Asian countries. As a result, in respect of the western part of China, foreign investment, main body of foreign trade, economic vigor, import of technology mainly depend on the introduction from the eastern part.

IV. THE EFFECT OF HISTORICAL INERTIA AND NATURAL FACTORS

Table 1 indicates that, as concerns conditions and strength in transportation, communication, professional personnel, technical market, the eastern part is stronger than the central part and the western part. This kind of difference is the outcome of a long-term historical accumulation and also control the differences of development potential among the eastern, central and western parts at present. It has become material base and social base of differences in investment environment, investment benefit, development speed and industrial level, and determined the essence of contemporary differences, and influenced the future development.

At present, the development differences among the eastern, central and western parts in China, just like that between developed countries and China, not only involve economic volume or per capita GNP, but also involve economic quality, industrial development level, dominant industry orientation, market occupation, industrial technical level, influence on national industrial policies and self-development capability, etc. .

Under the conditions of the contemporary scientific technology, physical geographical environment still has a great effect on economic development. In addition to location difference, the differences in other physical geographical conditions also have an effect on difficulties or easiness of development, and further affect investment benefit. With a long-time effect, they also affect the overall level of regional development and the differences of development conditions. On the whole, economic gradients of the eastern, central and western parts in China have some relations with the three kinds of topographical gradients of China. The eastern coastal areas come under the grade-1 gradient and the central part lies between the grade-1 and the grade-2 topographical gradients, and the western part come under the scope of the grade-2 and the grade-3 topographical gradients. So far as the Changjiang River valley concerned, in topography, the middle and the lower reaches give first place to plain and hill, the upper reaches give priority to mountain, especially high and medium mountains. It is evident that there are large differences in development difficulty and the highlight is the influence on speed of traffic construction. In the western part of China, it is mostly without the convenience of inland water

transport. Therefore, unit investment and construction period of railway construction, road construction, communication construction, urban construction in mountain areas are several times that of plain areas. Consequently, we have to admit that, under the condition of contemporary development level, the development is more rapid in those areas which have favorable, convenient, economical and high efficient regional geographical conditions for the development of society and contemporary industry (including transport, communication, urban construction, enterprise construction, residential area construction, etc.); otherwise, it's slower. For this reason, changes of economic gradients among the eastern, central and western part of China correspond to that of topographical gradients from the plain area to the mountain area.

In sum, historical factors, physical environment factors and modern social economic structure factors link up to form differences in starting point of development, development difficulty, driving forces and results. By comparing with the eastern part, the western part has to inherit the differences which are historical legacy and assume natural unfair which is a great development difficulty brought by the physical environment. Besides, under the conditions of disadvantageous basic terms and strength, the western part has to compete with powerful rivals, and it is undoubted for economic development of the western part to take on a backward burden.

V. REFLECTION ON MACROSCOPIC DEVELOPMENT STRATEGIES OF THE WESTERN PART OF CHINA

By the analysis above, we may clearly forecast that flow of material, capital, talent, technology, energy, etc. will mostly point to the eastern part in a long term. that is to say that we shall face up to the eastern part in China and the Pacific area. Therefore, the development strategy of the western part in China must guide action according to circumstances. Its resource allocation, talents and technology import, industrial structure readjustment, industry and product exploitation, market development, etc. shall face up to the development of the Pacific economic cycle, and tally with and link up with the eastern part and the central part in China. Of course, in this process, we do not exclude actively undertaking peripheral trade, developing complementary resource allocation, reciprocity with all western countries and gradually expand the influence on outside economy, meanwhile we shall get involved in the overall world economy cycle more and more. From now on, with the economic development of inland periphery countries, westward trade and economic relations will be gradually increased and strengthened. At that time, the western part, especially provinces and regions with national boundary, will take an advantage of facing up eastward to the Pacific economic cycle and westward to the inland peripheral countries. Thus the development scope will get to be much broader. The situation that economy develops continuously and pair off wing to wing with the eastern part will be formed. Of course, it needs a long time to do, but the prospect before us is broad.

In a long run, the strategies of the western part shall be that development faces mainly

eastward and complementarily westward. Capital, talents, technologies are mainly imported from the eastern part. Commodity is exported toward the western part as much as possible, and market is opened up westward, too. Big projects are mainly supported by the eastern part, and small-sized projects are complemented with western peripheral countries. Major markets face the Pacific area and the coastal area, minor markets face the peripheral countries. The western part can explore the market of the Pacific area and the coastal area, meanwhile, the western part shall open its own market up to the peripheral countries, thereby the western part is able to change its low economic gradient position in China into the high one. Moreover, the western part shall regard itself as the material base of the eastern part, and also treat the peripheral countries as its material base correspondingly. Hence, in respect of development strategies, the western part shall advocate that both wings are opened at the same time, but it should differentiate the importance and insignificance, the primary and secondary, the import and export, the passivity and activity, etc. . And the western part shall be involved not only by the other areas (mainly the eastern part), but also with the others (mainly for the peripheral countries) actively. The western part shall discover its own advantages out of disadvantages, and play its unique role in the world economic competition.

Because economic centripetal force of the western part mainly turns towards the Pacific area and the eastern part in China, the major contents of development strategies in the western part are how to introduce the economic advantages, talents and technologies, etc. of the Pacific area and the eastern part of China into the western part. Besides constructing transport arteries running through the eastern part, the central part and the western part, the development of the western part shall catch hold of the following two points: the first is to select more attractive development projects, with stress on projects having strategical significance and resource supporting function; the second is to create favorably soft and hard investment environment which make investors have good profit prospects so that they are willing to invest and increase continuously the amount of capital investment.

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