

The Rise of the West: The Balanced Growth of China's Regional Economy

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Keywords: The West; Balanced Growth; Multilevel System

Abstract: The two decades of western development and the continued advancement of the "Belt and Road" strategy has highlighted the policy orientation of the state's development towards the West and as well as the transfer of regional strategy. The West has become the important growth pole under the new normal of China's economy. Comrade Deng Xiaoping's strategic thinking of "two overall situations" has been the theoretical guidance to solve the contradiction between regional economic balance and growth in China. China's economy has entered the stage of balanced and high-quality development as a whole, and the rise of the West has become the goal of the balanced growth of China's regional economy. Accompanied by the unbalanced process of the western growth pole, western development is the inevitable stage to achieve the economic growth. However, in terms of the longer space-time dimension, agglomerate economies and economy of scale that produced by polarization effect has a certain limitations, and uneven development within the region has become the important reason why the western region lags behind the eastern and central developed areas for a long time. Therefore, western main cities and growth pole should enter the diffusion stage and establish high level and multilevel growth system in order to improve the duration and intensity of regional economic growth and get the effect that the whole is greater than the sum of individuals.

1. The West is the important growth pole under the new normal of China's economy

Since 2011, China's GDP growth has been an obvious deceleration and downward trend. Being different with period rule and shaped distribution of GDP growth over the past three decades, it decreased from the double-digit growth rate to the single-digit growth rate. The GDP growth rate of 2015 is 6.9%, and this is the first time when it is under 7% for 25 years. The GDP growth rate of 2016, 2017 and 2018 is respectively 6.7%, 6.9% and 6.6%. The deceleration and downward trend of China's economy has brought the extensive attention and heated discussion of the national and international society. Wu Jinglian points out, we can't keep the old normal that driving high-speed growth relied on large-scale investment, and the growth rate entered the downlink channel. Lin Yifu, the former chief economist of the World Bank, believed that the GDP growth rate can maintain 6% in the future ten years. Lu Dadao proposes that moderate-speed growth is the sustainable development route of China's economy. In 2014, Comrade Xi Jinping stresses in the Central Economic Working Conference, China's economic development enters the new normal, and it slows down from high-speed growth to medium-to-high speed growth; its way of economy development

is transferring from scale-speed extensive growth to quality-efficiency intensive growth; its economic structure is making the deep adjustment from taking the incremental capacity as the principal thing to the coexistence of optimization and incremental capacity; its drive force for economic development is shifting from traditional increasing area to new increasing area. Knowing, adapting and leading the new normal is the large logic of China's economic development from present to the near future.

Chen Mingxing and others analyze the economic patterns in different provinces under China's new normal of economy according to the GDP data. They divide 31 provinces and regions into three kinds of area, and they are fast growth area, lower downward pressure area and substantial downward area. Among of areas, the central and western provinces accounts for 5 in the 6 areas of fairly fast economic growth, and they are respectively Guizhou, Chongqing, Tibet, Xinjiang and Qinghai. According to the Blue Paper of China's Western Development Report (2017), by the end of the 12th five-year plan, the GDP of the western region was 1,450.1892 billion yuan, and it increased by 6,361.043 billion yuan compared to the end of the 11th five-year plan. Its average annual growth rate of 12.24%, which is respectively 2.34 and 1.38 percentage points higher than the eastern and central regions, and 1.58 percentage points higher than the national level. From 2011 to 2015, the proportion of GDP in the country has been increasing year by year, which is 19.22%, 19.76%, 20%, 20.18% and 20.07% respectively. According to National Bureau Statistics of People's Republic of China, in the first half year of 2018, China's GDP totaled 4,189.11 billion yuan, with year-on-year growth of 6.8% at comparable prices. In terms of economic growth rate, the western region performed well. In the first half year of 2018, the western region accounted for 4 in the top five provinces in GDP growth, and they are respectively Guizhou (10%) , Tibet (9.8%) , Yunnan (9.2%) and Shaanxi (8.6%). The two decades of western development and the continued advancement of the "Belt and Road" strategy have highlighted the policy orientation of the State's development towards the West and as well as the transfer of regional strategy. At present, the high-speed growth momentum of China's regional economy is gradually advancing from the Southeast and central coastal areas to the West, showing a pattern of " fast in the West and slow in the east ".

2. The rise of the West is the goal of the balanced growth of China's regional economy

Economic Growth and balanced development are a dialectical unity. Comrade Deng Xiaoping's strategic thinking of "two overall situations" is a theoretical guide to solve the contradiction between regional economic balance and growth in China. The so-called " two overall situations ", one is to speed up the opening up of the eastern coastal areas so that they can develop first, thus driving better development in the inland areas, which is a big issue. The inland areas should take this overall situation into consideration. In turn, when it develops to a certain extent, it also requires coastal areas offering more power to help the development of the inland areas, which is also a big issue. Therefore, before 2000, due to the limitations of the productivity development level and the conditions of social and economic development at that time, China's regional economic development mainly focuses on the coastal and riverside areas. It has strongly promoted the rapid growth of the economy of the coastal, riverside and central regions. It has also formed a " T " pattern of productivity distribution so that the coastal, riverside and central regions become the dominant growth axis of China's economic development. Meanwhile, it has realized the " first overall situation " in " two overall situations " raised by Comrade Deng Xiaoping, that is giving priority to efficiency and getting better off earlier or later. Since 2000, China has successively implemented such policies and measures as the strategy of " Western Development " (2000), the construction of the Guanzhong-Tianshui Economic Zone (2009) and the construction of the Silk

Road Economic Belt (2013), and China has advanced the " second overall situation " of Comrade Deng Xiaoping, in order to accelerate the economic and social development of the western region and narrow the gap between the rich and the poor in the eastern and western regions. The " second overall situation " emphasizes the importance of fairness and common prosperity.

There exists the " U " pattern rule between economic growth and balanced development. If the change of GDP total represents a process of regional economic growth, the regional difference of GDP per capita or the concentration of economic production in space represents the balance degree. As shown in figure 1, in the early stage of economic development (the AO stage), the non-balanced process that the expansion of regional differences is a necessary condition for economic growth. After economic development reaching a certain level, that is, over the turning point O to reach the OB stage, thus the balanced process that the reduction of regional differences is also a necessary condition for economic growth. From this view, the development strategy of " two overall situations " is the vivid practice of Marxism unbalanced development theory in contemporary China. There exists a turning point between " the first overall situation " and " the second overall situation ". Lu Dadao, Wei Houkai and other scholars all have raised the question of how to identify the turning point O. In theory, the turning point O is the clear boundary that separates AO from OB, but in practice, this boundary can only appear after crossing over the turning point. Judging from the overall characteristics of China's economic development, the polarization effect is obvious in the unbalanced process of " the first overall situation " (AO stage) in the coastal, riverside and central areas, and the gap with the West is widening, thus leading to the decline of overall sustained growth ability of the Chinese economy. Only through the balanced process of the " second overall situation " (OB stage), a new round of economic growth after the decline will be achieved. Therefore, China's overall economy has entered the stage of balance, the appearance of economic inflection point depends on the continued strength of eastern cities and the duration and intensity of western economic growth.

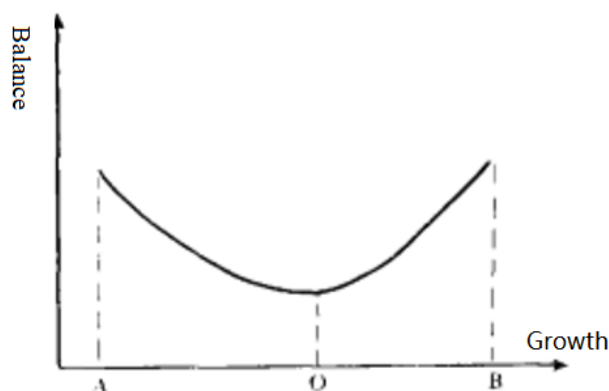


Figure 1 Balance and Growth

3. The western economy should establish a multi-level growth system with high levels of linkage

The western region has a vast territory, including 12 provinces, autonomous regions and municipalities, and they are Sichuan, Yunnan, Guizhou, Tibet, Chongqing, Shaanxi, Gansu, Qinghai, Xinjiang, Ningxia, Inner Mongolia and Guangxi. Their land area is about 6.9 million square kilometers, accounting for 71% of nation land area; their resident population is about 390 million, accounting for 29% of the national total population. From the perspective of regional economic development pattern, the economic development quality index of Chongqing, Inner Mongolia and Shaanxi all ranks the top three within the five years from 2014 to 2018, and their economic

development quality is in the leading position. Correspondingly, Gansu, Guizhou, Tibet and Qinghai are in a relatively backward position in the internal development quality of the West, and Sichuan, Ningxia, Yunnan, Xinjiang and Guangxi are located in the middle of the list. It is obvious that the characteristics of three-level echelon in the western regional economy constitutes a stratified phenomenon of multi-level growth. Multi-pole growth of regional economy is an inevitable phenomenon of regional economy. The internal spatial organization structure of each growth pole including several growth poles, which can be divided from different angles such as administrative territorial entity, industrial division, block chain, and so on according to the difference of the space-time dimension. The different growth poles are connected by an axis, whose warp and weft are interwoven to form an economic network system.

Domestic and foreign scholars use " polarization effect " and " diffusion effect " to analyze the relationship between the growth pole and its periphery. As a growth pole, the developed areas will produce the diffusion effect by increasing the demand for the products of the peripheral areas to promote the development of the peripheral areas. Meanwhile, they will produce the polarization effect by attracting the capital and labor force of the peripheral areas to hinder the development of peripheral areas. In terms of the whole characteristics, the formation process of the growth pole focuses on "centralization"and it is non-balanced. The non-balanced process of the two-decade western development along with the formation of growth poles is the inevitable stage to achieve the economic growth. However, in terms of the longer space-time dimension, agglomerate economies and economy of scale that produced by polarization effect has a certain limitation. When the growth pole polarizes to a certain extent and the gap with the peripheral areas continues to widen, it will also be weak growth because of the " inflation disease ",thus finally the sustainable growth ability of the regional economic spatial organization formed by the growth pole and the periphery region will decrease. The unbalanced and insufficient development within the region has become an important reason why the West has lagged behind the eastern and central developed areas for a long time. Therefore, the western major cities and growth poles should enter the stage of diffusion, expand the development space in the coordinated development, and strengthen the development potential in the weak areas, so as to realize the sustained growth of the overall efficiency of the regional economy. This process of " first concentration " and " later diffusion " is the same as the " U " pattern of economic rule.

The diffusion process of growth pole is also the process of establishing contact between its periphery and other growth poles. The multilevel growth system of regional economy includes three stages, and they are " unconnected multi-pole growth "," low-level connected multi-pole growth " and " fully connected multi-pole growth ". Most of the unconnected multilevel growth is the unintentional result. the settlements are actually the rudiments of the unconnected growth pole when the humanity birth. However, the low-level connected multilevel growth is the norm in regional economic spatial organizations, and its developed degree is not high. The highest developed model of regional economic spatial organization is the multilevel growth with complete connection. The mutual dependence and penetration between this kind of growth poles will achieve the effect that the whole is greater than the sum of the individuals, and it is the ultimate goal of connecting multiple growth poles of regional economy. In the process of long-term centralization, the West has formed an important and dominant polar nucleus in some local areas such as Xi'an, Chongqing and Chengdu. However, the pattern of benign interaction and common development among provinces, cities and different regions has not been formed. Compared with the high-density connection of the Yangtze River Delta, the Pearl River Delta, the Middle Delta, the Yangtze River Economic Belt and other urban agglomerations, the connection among the growth poles in the Western is still at a low level, which directly restricts the duration and intensity of the western economic growth. Under the new normal of China's economy, the western economic growth rate is the fastest in the inland.

However, it still needs a relatively long process to narrow the gap with the eastern developed region because the western original economic aggregate is little. Therefore, the western multilevel economic growth system should establish a high-density connection from point to line and then to surface in the process of diffusion, so as to enhance the duration and intensity of regional economic growth and achieve the effect that the whole is greater than the sum of the individuals.

Acknowledgements

Xi'an Social Science Program Fund Project (18ZT11); Shaanxi Social Science Fund Project (2017D038).

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