

**ANALYSIS OF DIFFERENCES AND THEIR CAUSES IN THE
REGIONAL ECONOMIC DEVELOPMENT OF CHINA**

**АНАЛІЗ ВІДМІННОСТЕЙ І ЇХ ПРИЧИН У РЕГІОНАЛЬНОМУ
ЕКОНОМІЧНОМУ РОЗВИТКУ КИТАЮ**

Diachenko Olena

PhD, assistant professor

Sumy National Agrarian University

ORSID <https://orcid.org/0000-0002-4514-509X>

Yue Jiaxin

master -student of "Business Economics"

Sumy National Agrarian University

Дяченко Олена Володимирівна

К.е.н., доцент ШНАУ

Ює Цзясинь

Студент – магістр освітньої програми « Бізнес економіка», ШНАУ

ORSID <https://orcid.org/0000-0001-7355-8724>

Abstract. The problems of regional development around the world are of paramount importance for the sustainable development of the economy of the entire country. The article deals with the issues of economic development of China's regions. The dynamics of GDP and GDP per capita growth in the eastern, central and western regions has been analyzed and studied. The tendencies of foreign trade of the designated regions are considered. The main causes of imbalances in regional development are classified, including factors of economic, political management and regulation, factors of geographical location and

attractiveness for foreign and domestic investment. The directions of further development of the regions are determined to eliminate the imbalance in development from the point of view of economic and social efficiency.

Key words: regional development, national economy, resource allocation, regions, management

Анотація. Проблеми регіонального розвитку в усьому світі мають першорядне значення для сталого розвитку економіки всієї країни. Увага до них прикута не тільки в Україні, і, вирішуючи питання територіального розподілу добробуту, ресурсів, виробництва, багато країн вивчають і спираються на досвід Китаю. У даній статті розглянуті питання економічного розвитку регіонів Китаю в їх природно-кліматичної та економічної нерівномірності, різної частки пріоритетності розвитку з точки зору державного регулювання та фінансування. Проаналізовано та вивчені динаміку зростання ВВП східного, центрального і західного регіонів. Відзначено, що незважаючи на тенденцію збільшення зростання ВВП, які спостерігаються в цілому по країні, розвиток регіонів здійснюється нерівномірно і східний регіон лідирує за цими показниками. Проаналізовано динаміку зростання ВВП на душу населення, що так само підтвердило гіпотезу про нерівномірність розподілу добробуту всередині країни. Розглянуто тенденції зовнішньої торгівлі позначення регіонів, показало ще більші диспропорції в динаміці розвитку. Класифіковано основні причинні, що викликають диспропорції регіонального розвитку, серед яких економічні, фактори політичного управління та регулювання, чинники географічного розташування, наявності природних ресурсів і привабливості для іноземних і внутрішніх інвестицій. Помічено, що Китай дотримується тенденції відкритої економіки з метою залучення іноземних інвестицій в регіони, однак сприятливе географічне положення східного регіону визначає його лідерство за багатьма показниками, хоча поступово цей розрив скорочується. Визначено напрямки подальшого більш скоординованого розвитку регіонів з

урахуванням наявних соціально-економічних та географічних особливостей для оптимізації та усунення дисбалансу розвитку і нерівності з точки зору економічної і соціальної ефективності. Проведення дослідження підкріплювалося методами аналізу, синтезу, графічним і монографічним методами, теоретичною базою дослідження послужили наукові публікації китайських вчених і фахівців в області регіональної економіки і регіонального розвитку

Ключові слова: регіональний розвиток, національна економіка, розподіл ресурсів, регіони, управління

Аннотация Проблемы регионального развития во всем мире имеют первостепенное значение для устойчивого развития экономики всей страны. В статье рассмотрены вопросы экономического развития регионов Китая. Проанализирована и изучена динамика роста ВВП и ВВП на душу населения восточного, центрального и западного регионов. Рассмотрены тенденции внешней торговли обозначенных регионов. Классифицированы основные причины, вызывающие диспропорции регионального развития, среди которых факторы экономического, политического управления и регулирования, факторы географического расположения и привлекательности для иностранных и внутренних инвестиций. Определены направления дальнейшего развития регионов для устранения дисбаланса развития с точки зрения экономической и социальной эффективности.

Ключевые слова: региональное развитие, национальная экономика, распределение ресурсов, регионы, управление

Formulation of the problem

Being a fairly large country, China, like many other developed and developing countries, including Ukraine, is faced with the problems of uneven development of regions, equitable distribution of resources, and varying degrees of implementation of integration processes. One of the possible approaches to

finding positive solutions in the framework of discussions about a new paradigm of regional policy is to comprehend the achievements and shortcomings of practical experience in managing regional development in different national contexts. Regional differences in China, according to most researchers, are due to both objective geographic factors and subjective circumstances associated with the choice of development strategy. Growing inequality between regions and social groups in China, as in many other countries, is becoming a serious source of social conflict.

Analysis of recent research and publications. China is a country that attracts the attention of many economists, researchers, such as the one that choose its own development strategy, invests a lot of efforts in strengthening the economy, developing social productive forces, sustainable development, satisfying the growing needs of people in the field of material culture, every day goes along the path of universal enrichment, stimulates the all-round development of people. However, despite the long period and rather positive experience in this direction, in some cases the results of regional policy are rather disappointing than inspiring, which is noted in the works of scientists Chen Jianjun, Huang Jie [3]. Regional policy is an integral part of the strategy of economic development and modernization. However, the growing distrust of the results of regional policy in its traditional forms gives rise to discussions among scientists Yuan Dongliang [2], Shao Yuanchun, Lu Junbo, Luo Xiaoyun [5] aimed at finding new, more effective approaches.

An additional impetus is provided by changing perceptions of regional policy goals, as well as trends in economic development, where sustainability, equitable distribution of resources and shared benefits are increasingly important. Nevertheless, as noted by many Chinese experts (Wang Yihan [1], Li Zongyuan [4] and others), it will be a long time before the current less developed regions of the country can catch up with the growth rate of the rapidly developing coastal regions, if it is at all possible.

The purpose of the article. In the process of China's rapid economic development, there are certain differences in economic development between different regions, which requires us to analyze the reasons for these differences in order to help in the future economic development of China. This article will research and analyze the differences in regional economic development in China and their causes.

Main research. "Regional economic development" is a grand interdisciplinary problem. According to the JEL classification commonly used in economics, regional economic development belongs to the field of "economic development" and "urban economy".

Regional economic development can be understood from the following aspects:

- In the process of economic development in a region, residents' living environment, infrastructure, natural ecological environment, social and political environment, etc., should be continuously improved. People living in a region should have a certain degree of security;
- When measured by per capita GDP and per capita disposable income, regional economic development refers to the sustained, healthy and stable growth of the economy over a long period of time.
- The economic structure in regional economic development mainly includes the industrial structure, organizational system structure, production relation structure, product structure and technology structure of the national economy, and these structures present a continuous and advanced change process.
- The factors of production in regional economic development mainly include the number of natural resources, human capital elements, social capital elements and material capital elements. The total of these elements is increasing to meet the needs of regional input of factors, so as to realize the sustainable and stable increase of total output within a region.
- Regional economic development is established on the basis of relatively perfect economic operation mechanism. The three major systems of

nature, society and economy in the region are interrelated, which can adjust, balance and develop themselves.

In China, there are various approaches to understanding regional differentiation, the main of which are reflected in the division of the country into three economic zones: eastern, central and western. A number of researchers suggested that the state stimulate economic growth processes by extending the policy of preferences to the central and western regions, which has already demonstrated its effectiveness in coastal regions

In recent decades, the overall level of China's economic development has been greatly increased, making China gradually become one of the world's leading economic growth rate. In recent years, the economic level of all regions in China has been better developed, and the economic growth level of the eastern region is significantly higher than that of the central and western regions of China

According to the above analysis, in the past decade, under the circumstance of implementing the unbalanced and coordinated development strategy, the economic development of China's provinces has been in the stage of rapid growth. Although the regional economic development disparity has been improved, the economic development gap between high-speed developed regions and underdeveloped regions is still large. As can be seen from the above table, the economic development level of some regions is still lower than the national average level, which needs our attention.

In addition, as a whole, the level of economic development in eastern China is significantly higher than that in central and western China, as shown in Figure 1.

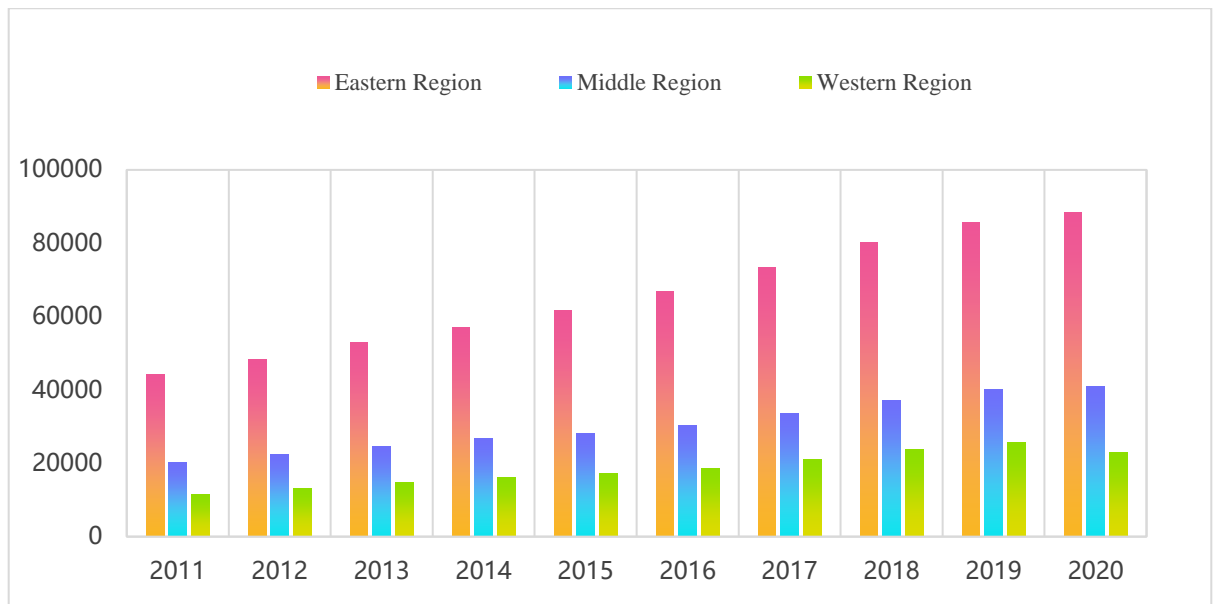


Figure 1: Total GDP of Eastern, Central and Western China (US \$100 million), 2011-2020

As you can see from the above, obviously, in recent years, China Eastern, central and western regions of the growth of GDP have been larger, and China's growth rate is still in the leading level. Still, the middle and west region economic development level is below the eastern average; however differences in eastern and western regions, central and western regional development difference is gradually shrinking.

On the whole, China's regional economy develops rapidly, and the per capita income of different regions keeps growing, but the gap of per capita income is also gradually increasing. In addition, the growth levels of per capita GDP in the eastern, central and western regions of China are significantly different, as shown in Figure 2 below, which is plotted by the total per capita GDP in the eastern, central and western regions from 2011 to 2020.

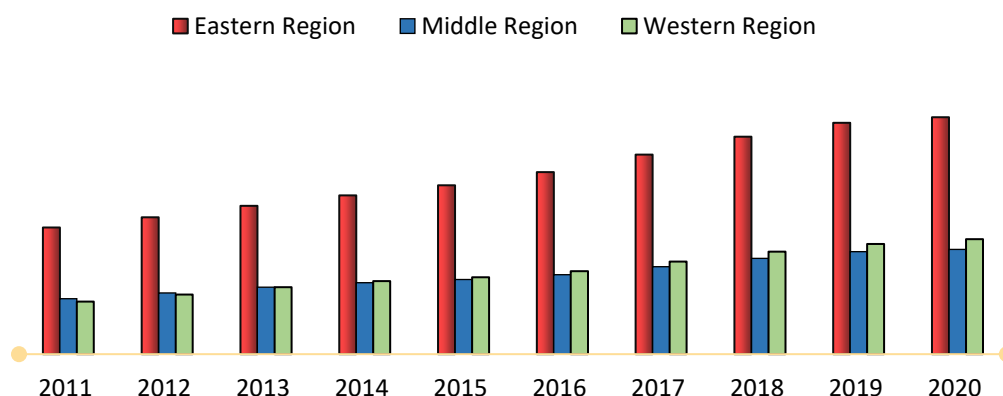


Figure 2: Per Capita GDP of Provinces in Eastern, Central and Western China, 2011-2020 (USD)

It is obvious from the above figure that the per capita GDP growth gap between the eastern, central and western regions of China is large, which to some extent leads to the expansion of the per capita income gap among regions in China. The widening of the per capita income gap causes conflicts between the rich and the poor and affects social stability. The differences in per capita income among regions also lead to a large number of population migration, resulting in the slow development of some poor provinces and the lack of talents.[5]

With the development of social economy, the speed of international trade in all regions of China has been increasing year by year, as shown in Table 1.

Table 1: Total Imports and Exports of Eastern, Central and Western China (USD 100 million), 2011-2019

Year	Eastern Region	Middle Region	Western Region	Total Export-import Volume
2011	32581	2352	1486	36419
2012	34047	2668	1957	38672
2013	36300	2963	2327	41590
2014	36956	3268	2791	43015
2015	34198	3062	2271	39531

2016	32033	2846	1976	36855
2017	35418	3269	2385	41072
2018	39548	3767	2909	46224
2019	38652	4051	3076	45779

Data sources : National Bureau of Statistics of the People's Republic of China

It can be seen from the above table that in recent years, China's import and export trade has also made a significant improvement. China's foreign trade has achieved rapid development at an amazing speed. The total import and export volume has increased significantly from US \$3,641.9 billion in 2011 to US \$4,577.9 billion in 2019. China's total GDP, per capita GDP and import and export trade all achieved good growth, and during this period, the growth of import and export trade in different regions of China also made good progress compared with the growth of capital.

In addition to the overall growth of China's foreign trade, there is no significant difference in the level of import and export trade between the central and western regions. There is a big difference in the development of import and export trade between the eastern region and the western region. In 2011, the total import and export volume of the eastern region increased from US \$3,258.1 trillion to US \$3,865.2 trillion in 2019. Total imports and exports of the central region increased from US \$235.2 billion in 2011 to US \$405.1 billion in 2019; The total import and export volume of the western region increased from US \$148.6 billion in 2011 to US \$307.6 billion in 2019. The proportion of import and export in the eastern, central and western regions in China increased from 89.46%, 6.46% and 4.08% in 2011 to 84.43%, 8.85% and 6.72% in 2019. It can be seen that from 2011 to 2019, the foreign trade in the eastern region developed rapidly, driving the overall rapid development of the country's foreign trade, while the foreign trade development in the central and western regions was relatively stable.[6]

Analysis of the reasons for the differences in China's regional economic development.

There are many reasons that lead to the obvious differences of regional economic development in China, and the comprehensive action of many factors leads to the growing gap of regional development.

➤ Economic foundation gap.

Economic factors are one of the reasons for the difference in development between the eastern, central and western regions. In eastern China, Beijing, Shanghai, Zhe Jiang and other places are the most economically developed areas. The reasons behind this are that the economic foundation of these three places is very developed. Beijing, as the capital of the country, has a rich economic foundation. As a leading base of heavy steel industry, Shanghai has a strong economic strength. Zhe Jiang, as the base of small commodity processing and light industry, as well as the powerful coastal terrain, also has a rich economy as a supporting force for development.

However, the economically backward places such as Qing Hai and Tibet have neither economic accumulation nor industrial support. They only rely on agriculture and animal husbandry to support their economy, so they are relatively backward. From this, we can see that the economic basis affects the development of regional economy to a certain extent and plays an important role that cannot be ignored.

➤ The reasons for government policy guidance.

Since China's reform and opening up, China's eastern coastal region development become the key object, with government funds and policy support. Under the guidance of the government, eastern coastal region gain more advantage conditions and the development of resources and environment, etc. Combined with the advantage of its location, southeast coastal development is rapid, the country's economic center of gravity has been offset to the southeast coastal areas.

First, national capital construction investment to the coastal areas. For the investment of the same project, the state generally gives priority to investment in the eastern region. Therefore, the approval power of fixed asset investment and

foreign investment in coastal open cities and special economic zones is obviously higher than that in inland areas.

Second, China professed openness policy taking the lead in opening up to the coastal areas. The policy of opening to the outside world has attracted a large number of foreign investment in the eastern coastal areas, and the industrial development in the eastern areas has received huge financial support.

Third, it was given financial policy support to the eastern region. This development mode has brought obvious priority development advantages to the eastern coastal areas.[7]

However, the central and western regions are inland regions with poor natural environment, insufficient government guidance and support, obvious development differences between the east and the west, and more and more obvious conflicts between market macroeconomic reform and regional economic development.

➤ Regional interests, the result of the influence of regional local protectionism.

Local governments have increased their support for their regions, adhered to trade protectionism, and lent unilateral support to their development in open or covert ways. Regional resources and technology cannot be effectively circulated, and the problem of monopoly in the commodity industry is prominent. Production factors such as commodities cannot flow freely between regions, the advantages between regions and industries cannot be balanced, and resources cannot be optimally allocated, leading to the disintegration of the domestic market, and affecting the overall coordinated development of the regional economy.

Conclusions

Taken together, China's regional economy presents the good development momentum, but in the developing, the problem of uncoordinated regional economic development is more and more prominent, the regional economic development environment is constantly changing, to realize the integrity of China's

economic boom and the development. China's contemporary regional policy proceeds from the fact that differences in regional economic development are an objective fact in the country's economic and social development. These differences help to stimulate the viability of competition between regions, but at the same time, too large a gap in regional development will constrain the development of the whole of China, negatively affecting social justice.

So we must focus on and solve the problem of unbalanced regional economic development. On the basis of discussing the characteristics of unbalanced regional economic development in China in many aspects, this paper makes a multi-scale analysis on the causes of the differences, which will play a reference value for the coordinated development of regional economy in the future. Regional economic development differences will be a long-term problem, in the face of regional differences, we should maintain its positive impact on us, and further improve the negative impact, from different perspectives to alleviate its negative impact, to achieve the coordinated and stable development of China's regional economy.

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