Assessment of Ten Years' Western China Development

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Topics

- Background
- A Survey of Changes in Western China
- Discussions
- Challenges for the Western China Development
The Western Provinces of China with Evaluation

Coverage of Western China:
Shanxi, Gansu, Ningxia, Qinghai, Xinjiang, Tibet, Mongolia, Yunnan, Guizhou, Sichuan, Guangxi, Chongqing
Background

• Pressure of population (349.52 million) on limited arable land
  – 705 persons/sq km on cultivated land and
  – 52 persons/sq km on land area
  – Compared to 30.7 persons/sq km on land area in U.S. in 2000
• The area size of western China counts 71.4%, the population counts 28.1%, GDP counts 17.0% of the whole country
• Fragile natural environment
• Most minority in west (21.51% of all population in the west, with about 83.4% of total minority in the country)
• Loss of net migration from 1982 (0.44 m) to 2000 (8.6 m)
Why West China Development?

- Increasing gaps in economic development between the west and the east
- Serious impacts of declining environment on other regions of China
- Social instability in the west


The Dying Lake Gashunnuoer of Neimongol
Objectives for Western China Development

• Strengthen domestic demand
• Reduce the economic gaps between the west and the east
• Optimize the industrial structure
• Protect ecological environment in the western China
• Stabilize social orders in minority regions
Government’s Policies

- Financial transfers from the central government
- Loan and credit support
- The soft environment for investment
- Favorite tax policy
- Favorite policies for land use and mining
- Extend the fields for foreign investment (all non-gas/oil mineral development)
- Open more channels for attracting foreign investment
- Encourage international trade
- Promote collaboration between the west and the east
- Favorite policies to attract intelligent people to west
- Increase funds for scientific research
- Increase the government support for minimum required education
- Increase subsides for local culture infrastructure, radio network, …
- Extend the coverage of radio and TV stations
Government’s Approaches for Western China Development

• Basic infrastructure (+ or -)
• Improvement of ecological environment (+)
• Adjustment of industrial structure (+)
• Education and science and technology (+ or -)
• New mechanism and models for the reformation (?)
The Assessment of Ten-Years West China Development
Coordinated by the Research Consortium for West China Studies
Funded by GTZ

• Economic Development 西部经济发展评价子项目
• Ecological Environment 西部生态环境评价子项目
• Social Development 西部社会发展评价子项目
• Public Policies 西部开发公共政策评价子项目
• Population and Labor 西部人口与劳动力评价子项目

Partners:
Sichuan University
Lanzhou University
Northwest University
Columbia University
University of Michigan
University of California at Davis
Current and Previous Studies on West China Development
A Survey of Changes in the Western China

• Financial Support and Investment
• Population
• Economy
• International Trade and Investment
• Education
• Infrastructure
• Public Service
• Environment
The Fiscal Transfer from the Central Government

Fiscal transfer and the % of western region received to the country
The Growth of the Investment in Fixed Assets by Region

- The western region has a relatively small share of total investment in fixed assets compared to the eastern region.
- The western region has faster increase in the total investment in fixed assets compared to the eastern region.
- The investment in fixed assets in the western region is dominated by the state-owned sector. The investment by private sector in the western region is relatively small.

**The Yearly Investment in Fixed Assets by Region**

**Growth of the Investment in Fixed Assets by Region (base year=1999)**

**Total Investment by Ownership in the Eastern Region**

**Total Investment by Ownership in the Western Region**
Public Infrastructure and Transportation by Region

- There has been significant improvement in public infrastructure from 1999 to 2008.
- The usage of highways in the west is much behind the eastern region.

**The Length of Highways by Region (in 10,000 km)**

**The Total Fright Traffic of Highways by Region (in 10,000 tons)**
The GDP Growth of Eastern and Western Region (2000-2008)

- Both the western and eastern regions have experienced a high growth of GDP from 2000 to 2008 with a close pace
- The absolute gap of GDP between the western region and the eastern region has been keeping increasing while the relative gap has been reduced
The National Highway Network of China
Changes in the GDP Composition by Region (1999-2008)

- Both the western and eastern regions have experienced a rapid growth of GDP with similar patterns in GDP composition.
- The western region has experienced an increasing negative net export since 2000 while the eastern region keep an increase in net export.
Changes in Population by Province of Western Region (1999-2008)

- Most western provinces gained population from 1999 to 2008 except for Chongqing and Sichuan.
- The % of population has been increased in eastern region and declining in western and central regions.

- The % of elder population has been keeping increasing across all regions from 1999 to 2000
- The % of elder population in western regions has been increasing at a faster pace than the eastern and central regions

- The western region has experienced a high urban growth from 2000 to 2008 with similar pace as the eastern and central regions.
- The gap of urbanization between the western and eastern regions are getting closer from 2000 to 2008.
- The western region has still a large pool of rural population by 2008 (61.68%).

- The % of agriculture sector keeps declining while the manufacture keeps expanding from 1999 to 2008
- There is not much growth of the service sector in term of its GDP share

- Both the western and eastern regions have experienced a shrinking employment in agriculture and an increasing employment in industry and service sectors.
- The employment in the western China is still dominated by agriculture.
Changes in the Employment Ownership by Region
(Staff and Workers)

- Both employment in the state-owned and urban collective owned units have been keeping decreasing in the western and eastern region while the other ownership (private and joint ventures) is keeping increasing.
- The state-owned sector still dominates the employment in the western region while the private sector has only a small share.
Changes in People’s Living Standard in Urban and Rural

- The % of food expenditure of the household income keeps declining in the west and all China
- The Engel index in the western region (especially the rural areas) is much higher than the average level of China

Changes in the Engel Index of the West and China (1999-2008)
Changes in the Poverty in Western Region

- There has been significant reduction of the population under poverty in the western region
- The population under poverty in the western region still count a large % of the total poverty population in the country
Changes in Education by Region (1999-2007)

- There has been significant improvement in basic and higher education in western China from 1999 to 2007.
- There is still a significant un-equilibrium in basic education in western provinces.

**Student Enrollment in Higher Education by East, Central and West (in 10,000 persons)**

**The Illiteracy Rates By Provinces of Western China (1999-2007)**

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<thead>
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<th>Country</th>
<th>1999</th>
<th>2007</th>
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<td>Western China</td>
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0.00 10.00 20.00 30.00 40.00 50.00 60.00 70.00
Changes in Urban and Rural Income by Province

- There has been significant improvement in urban and rural income in all regions from 1999 to 2008.
- There is not much difference in the staff salary between the west and east.
- The rural household income in the west is much lower than the east.

The Average Wage of Staff and Workers by Province (1999 and 2008)

Rural Households Per Capital Annual Net Income by Province (1999 and 2008)
The Growth International Trade and Investment

- There is a lagged growth of FDI in the western region
- The western region is far from open economy yet
The Public Health Service by Region

- There is a balanced distribution of public health service in the eastern, central and western region in terms of the number of health institutions and doctors.

Number of Health Institutions by Region (unit)

Number of Doctors by Region (in 10,000 persons)
The Environmental Pollution in the Western Region

The Discharge of Industrial Waste Water by Western Provinces

The Discharge of Industrial Waste Gas by Western Provinces

The Total Amount of Dangerous Waste by Western Provinces
Government’s Approaches for Western China Development

• Basic infrastructure (+)
• Education and science and technology (+)
• Improvement of ecological environment (?)
• Adjustment of industrial structure (?)
• New mechanism and models for the reformation (?)
Discussion

- The western China is featured as an agriculture economy, resource development oriented, introverted economy, and state-owned economy
- The gap (in terms of GDP %) between the west and east has been reduced to the west China development
- The relative gap of household income between the west and east is reducing but the absolute gap is still enlarging
- There is a unbalanced regional development within the West. The economic poles for the regional development is not in large scale yet. The regional gap within the western provinces keeps enlarging, and the gap of urban and rural within the west keeps enlarging
- The private investment is not active. The environment for the investment need improvement
- There is a serious loss of human capita and a lack of human capita for the west China development
- The technology development in the west is much behind of the east and other region. The environment for innovation need to be improved
- The industrial structure need to be optimized in adaption for industrial transfer and globalization
- Public service and infrastructure is not balanced across the region and need to be improved
- The efficiency of the resource development is low and the damage to the ecological environment is serious
- The economic corporation network with international countries has not be well formed yet
The Challenges for the Sustainable Development of Western China

- Biological Diversity
- Cultural Diversity
- Social System Diversity
West China Development: A Global Issue

• Global environment (climate, water, …)
• Global security and stability
• Preservation of human resources: history, religion, culture, minority, human gene, …
• Preservation of natural resources for future generations
Look Forward to the Future

Six New Principles for the Western China Development
Proposed by Premier Wen Jiabao
The State Council Leading Group for Western Region Development Meeting
August 20, 2009

- To give full play to the western region's important role in expanding domestic demand
- To further increase the efforts on infrastructure construction and ecological environment protection
- To vigorously adjust industrial structure and the mode of economic development
- To speed up the improvement of people's livelihood-focused social undertakings
- To deepen reform and opening up and build a new pattern of open western China
- To accelerate the post-disaster reconstruction in the earthquake affected areas, complete the planning tasks
The Plan for Regional Development of the West
Western China Conferences
Organized by the Consortium for Western China Studies

Chengdu, Sichuan 2004
Yinchuan, Ningxia 2005
Chengdu, Sichuan 2006
Guiyang, Sichuan 2007
Xian, Shaanxi 2008
Lanzhou 2009