

# *Has the Regional Coordinated Development Strategy of the Hu Jintao Administration Been Successful?*

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## **Summary**

In this paper I undertook an evaluation of policy, looking at the time around 2005 as the boundary for policy, and focusing on a viewpoint of the reduction of disparities among regions and the redistribution of income.

The objective of reducing the disparities among regions can be said to have been achieved in a certain sense. Looking at the detail thereof, the pace of growth in the advanced regions (Shanghai, Guangdong and Beijing), etc., in the coastal areas has decreased, the regional growth of the emerging regions (Shandong, Jiangsu and Tianjin), etc., has been catching up, and it can be understood that the disparities have reduced in the coastal hinterland, and in addition that the interregional disparities among the four major regions (the East Coast, Northeast China, Central China and Western China) have reduced via the promotion of growth in Western China. Regarding catch-up also, the disparity for the inland and coastal areas from 2005 has been on a convergent trend. Viewed at the provincial level, however, intraregionally the disparities stand out. In the Northeast, the development of Heilongjiang, which is lagging behind, and of Liaoning, which played a central role as a former industrial region, is poor. In Shaanxi and Sichuan, etc., within Western China, the effects of the development of the interior are apparent, but in regions such as Xinjiang and Yunnan development has been left behind.

Taking a look at the share of investment among regions, the emphasis has shifted from the coastal areas to the interior areas. The fixed capital investment in state-owned enterprises which readily reflects national strategy has moved inland from the coast. In particular the movement of fixed capital investment since 2005 has been great. State-owned enterprises are sensitive to central government policy changes and are agents for the execution of policy investment. In the case of looking at the efficiency of investment, however, generally the efficiency of investment of the regions which have lagged behind is poor, and a similar tendency is seen for state-owned enterprises also. Conversely for foreign-invested enterprises, it can be said that they have shifted to the interior, because the efficiency of investment in the interior is high.

Looking at employment opportunities, much employment was created in the coastal areas. Looking at the fact that employment in the interior has not risen, in spite of investment moving to the interior, the reduction in disparity from 2005 can be said to have no doubt been accomplished through the lead of investment. The interior's catching-up with the coastal areas was brought about by "growth without employment".

In terms of the effects of the redistribution of GDP among regions, there was certainly the effect of income redistribution as the outcome of investment having moved to the interior. If coastal-driven investment had been carried out, however, 7.9 trillion yuan should have been created throughout China. The results of having pursued equity can probably be said to have been that the efficiency of economic development throughout the country has been sacrificed.

The GDP growth rate for April-June 2012 announced by the Chinese government was 7.6% in real terms compared with the same period for the previous year, and for the first time in approximately three years dropped below the 8% level. The overseas media made a lot of noise that "Good Heavens, is the Chinese economy in decline?", yet China has set its economic growth rate target for this year at 7.5%, and that the emphasis has moved from growth (efficiency) to redistribution (equity) is backed up by the analysis in this paper.

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