Transition, Regional Development and Globalization

China and Central Europe

This page intentionally left blank

Transition, Regional Development and Globalization

China and Central Europe

Ken Morita

Hiroshima University, Japan

Yun Chen

Fudan University, China

World Scientific

NEW JERSEY • LONDON • SINGAPORE • BEIJING • SHANGHAI • HONG KONG • TAIPEI • CHENNAI

Published by

World Scientific Publishing Co. Pte. Ltd.

5 Toh Tuck Link, Singapore 596224

USA office: 27 Warren Street, Suite 401-402, Hackensack, NJ 07601

UK office: 57 Shelton Street, Covent Garden, London WC2H 9HE

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library.

TRANSITION, REGIONAL DEVELOPMENT AND GLOBALIZATION

China and Central Europe

Copyright © 2010 by World Scientific Publishing Co. Pte. Ltd.

All rights reserved. This book, or parts thereof, may not be reproduced in any form or by any means, electronic or mechanical, including photocopying, recording or any information storage and retrieval system now known or to be invented, without written permission from the Publisher.

For photocopying of material in this volume, please pay a copying fee through the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA. In this case permission to photocopy is not required from the publisher.

ISBN-13 978-981-283-344-0

ISBN-10 981-283-344-7

Typeset by Stallion Press

Email: enquiries@stallionpress.com

Printed in Singapore.

To
Our Families

This page intentionally left blank

Contents

<i>List of Figures</i>	ix
<i>List of Tables</i>	xi
<i>Photo</i>	xvii
Introduction	1
PART I: ANALYSIS OF TRANSITION	33
1 An Analysis of Determinants of Regional Disparities in China	35
2 A Comparative Analysis Between Postwar Japanese Economic Reforms and Polish Economic Reforms in the 1990s	55
3 Key Industries and Development of Industrial Policies in Shanghai since the 1990s	71
PART II: INTERNATIONAL RELATIONS	101
4 Japanese Foreign Direct Investments in Central European Transition Economies	103
5 Development Strategies and Income Disparities in China: Comparisons with Central Europe	135
6 Consequences and Trends of Japanese FDI in China and Central Europe	213

PART III: REGIONAL DEVELOPMENT AND GLOBALIZATION	249
7 The Economic Development and Regional Disparity of the Yangtze River Delta	251
8 A Political Economy of East Asian Authoritarian Development System	295
9 Regional Integration and Path Dependence: On the Relations among Europe, the USA and East Asia	405
<i>Bibliography</i>	455
<i>Index</i>	481

List of Figures

Figure 1.1	Per capita GDP indices in provinces and cities in the three regions	41
Figure 3.1	Ratio of city type industries to the whole industries in Shanghai (2000)	84
Figure 3.2	Influential factors to city type industry	87
Figure 3.3	Industrial location in Shanghai	88
Figure 4.1	Japanese outward FDI worldwide (US\$ million)	105
Figure 5.1	The three big regions in China (East, Center and West)	154
Figure 5.2	Changes of difference in per capita income of farming villages in Zhejiang province and Jiangsu province: Index (Jiangsu = 100)	191
Figure 6.1	China's ratio to Japan's outward FDI (1987–2004)	231
Figure 6.2	Function of international regime and sovereign partnership	246
Figure 7.1	Cities in the regions of the Yangtze River Delta	254
Figure 7.2	Concept on relationships between regional disparity and regional economic development	257
Figure 7.3	Change of per capita GDP disparity (Shanghai, Jiangsu, Zhejiang)	261
Figure 7.4	The expansion of Shanghai Economic Zone	267
Figure 7.5	Disparity situation of per capita GDP among cities in the Yangtze River Delta	270
Figure 7.6	Domestic branch location of Shanghai Pudong Development Bank	282
Figure 7.7	City structure in China: A system where cities supervise counties	284

Figure 7.8	Disparity situation of per capita GDP among 47 prefectures in Japan	285
Figure 8.1	Three kinds of authoritarian system in East Asia	309
Figure 8.2	Conceptual figure on productive industrialization ratio and labor force industrialization ratio in Asian countries (1960s–1980s)	333
Figure 8.3	Concept of the pitfalls in Southeast Asia	338
Figure 8.4	Realization of shared growth in East Asian NIEs model	341
Figure 8.5	Central organization system of the Chinese Communist Party	370
Figure 8.6	Organizational system of the Chinese cabinet	371
Figure 8.7	Economic development and systemic transition in East Asian NIEs model	397
Figure 9.1	Regional structure of the UK export	426
Figure 9.2	Regional structure of the UK import	427
Figure 9.3	Regional structure of Japanese export	427
Figure 9.4	Regional structure of Japanese import	428
Figure 9.5	Prisoners' Dilemma	440
Figure 9.6	Ratio of inward and outward FDI amount to the world total percent	447
Figure 9.7	Relative ratio of FDI	448

List of Tables

Table 1.1	Per capita GDP indices of the top five and the bottom five (1955)	36
Table 1.2	Per capita GDP indices of the top five and the bottom five (1965)	36
Table 1.3	Per capita GDP indices of the top five and the bottom five (1975)	37
Table 1.4	Per capita GDP indices of the top five and the bottom five (1985)	37
Table 1.5	Per capita GDP indices of the top five and the bottom five (1995)	38
Table 1.6	Per capita GDP indices in the three regions	40
Table 1.7	Per capita GDP disparities between Shanghai and Guizhou (1970–1995)	42
Table 1.8	Investment amounts of fundamental construction in each region in each period (100 million yuan, percent)	44
Table 1.9	Industrialization index in China's regions (1985)	48
Table 1.10	Industrialization index in China's regions (1995)	49
Table 1.11	Real GDP growth rate and economic structure (beginning of the 1990s)	52
Table 2.1	Main economic indicators (Japan)	56
Table 2.2	Main economic indicators (Poland)	66
Table 2.3	Distribution of national income (Japan)	67
Table 2.4	Changes in real incomes in Poland (preceding year = 100)	68
Table 2.5	Changes in the composition of household incomes in Poland (percent shares in total incomes)	68

Table 2.6	Percentage of Polish firms perceiving their domestic market as being in excess demand	69
Table 3.1	Production amounts of six major supporting industries in Shanghai (100 million yuan, percent)	79
Table 3.2	Details of six new major supporting industries in Shanghai (2001)	80
Table 3.3	Details of high-tech industry in Shanghai	82
Table 3.4	Details of city type industries in Shanghai (2001)	85
Table 4.1	Inflow of FDI in CEE countries and the share of Japanese FDI (US\$ million)	108
Table 4.2	Structure of Japanese FDI in Hungary, 1990–1999	110
Table 4.3	Investments by Japanese MNCs in Poland from 1990 till July 2000	111
Table 4.4	Cumulative FDI by the major investing countries and Japan in Poland in the period 1 January 1990–30 June 2002	112
Table 4.5	Investments by Japanese MNCs in the Czech Republic in the period 1990–2000	114
Table 4.6	Japanese FDI in the Czech Republic and Poland in the period 1990–2001	114
Table 4.7	Sales of cars produced by Magyar Suzuki Rt. 1997–2001	127
Table 5.1	Several basic indicators of China and Central Europe	138
Table 5.2	Inward FDI in Central Europe (stock; US\$ million, percent)	144
Table 5.3	Inward and outward FDI stocks as a percentage of GDP: China and Central Europe	145
Table 5.4	Major home countries of FDI in Poland (flow, 2004) (US\$ million, percent)	145
Table 5.5	Major home countries of FDI in Hungary (flow, 2003) (million EURO, percent)	146
Table 5.6	Economic indicators of Polish economic performance	147

Table 5.7	Unemployment rates in Polish voivodships (1997 and 2003; percent)	148
Table 5.8	Structural reform index	149
Table 5.9	Regional GDPs (Poland)	150
Table 5.10	Private sector as share of GDP, 1991–1999 (percent)	150
Table 5.11	Private sector as share of industry production in China (percent)	150
Table 5.12	Gross output of industry by sections and ownership sectors (percent)	151
Table 5.13	Inward FDI in East Asia (1997–2002; US\$ billion)	152
Table 5.14	Major home countries of FDI in China (flow, actual; percent)	153
Table 5.15	Regional distribution of FDI inflow (percentage of national total)	155
Table 5.16	Ratios of the Yangtze River Delta to the whole of China (1995–2004)	156
Table 5.17	Industrial structure of Shanghai, Jiangsu and Zhejiang	161
Table 5.18	Details of export from Shanghai (1999–2003; percent)	163
Table 5.19	Long-term cooperation relationships between Shanghai industrial areas and state-owned enterprise groups	167
Table 5.20	Project numbers and investment amounts of inward FDI in Shanghai	169
Table 5.21	Details of export from Jiangsu province (1999–2003; percent)	175
Table 5.22	Details of export from Zhejiang province (1999–2003; percent)	180
Table 5.23	Ranking of business cities in China	182
Table 5.24	Comparison of per capita income disparity in the Yangtze River Delta region (1990–2003)	183
Table 5.25	Shares of Shanghai in 2004	187

Table 5.26	Disparity structure in peasant's per capita income in Zhejiang province and Jiangsu province	194
Table 5.27	GDP value added structure and employee structure	196
Table 5.28	The ratio of foreign enterprises in the export industries in Jiangsu province (2002; percent)	198
Table 5.29	Economic indicators of China's economic performance	204
Table 5.30	Gini coefficient in China	206
Table 5.31	Per capita income of rural and urban areas in China	208
Table 5.32	Per capita GDP and disparity among three regions in China	209
Table 6.1	Regional GDPs (China)	217
Table 6.2	Major home countries of FDI in Poland (stock, actual; percentage)	218
Table 6.3	Per capita income disparities of rural and urban areas in China	221
Table 6.4	Per capita GDP and disparity among three regions in China	222
Table 6.5	FDI inflows in China (flow)	223
Table 6.6	Japanese FDI in Poland (stock)	225
Table 6.7	Main host countries of Japan's outward FDI (2004, flow)	230
Table 6.8	Japanese FDI in China (flow)	231
Table 6.9	FDI concentration index	238
Table 6.10	Trade linkage index	239
Table 6.11	FDI-trade index	240
Table 7.1	Per capita nominal GDP: growth rate and rank (yuan)	259
Table 7.2	Growth rate of budget income	262
Table 7.3	Results of multi-regression analysis: the Yangtze River Delta in the 1980s	265
Table 7.4	Results: The case of 14 cities in the 1990s	272
Table 7.5	Results: The case of 21 cities in the 1990s	273

Table 7.6	GDP growth rate of each sector: Shanghai, Jiangsu, Zhejiang	279
Table 7.7	Financial function and the rank: 21 cities of the Yangtze River Delta (whole area = 100)	283
Table 7.8	Results: 47 prefectures in Japan	287
Table 7.9	Regional structure and rank of branch number of Daiichi Kangyo Bank	289
Table 7.10	Time series change of the rank of general financial index: 47 prefectures in Japan (47 prefectures = 100)	290
Table 8.1	Real GDP growth rate	301
Table 8.2	Development of regional trade agreements with which China is concerned	302
Table 8.3	Some indicators of East Asian countries and regions	319
Table 8.4	Population below the national poverty lines (percent)	320
Table 8.5	Experience of studying abroad of Taiwanese technocrats	324
Table 8.6	Specialization of Taiwanese technocrats	324
Table 8.7	Some indicators on export products of South Korea (1970)	339
Table 8.8	Comparison of employment inducement in manufacturing export of Asian NIEs and Southeast Asia (1975)	340
Table 8.9	The ratio of urbanization in China (100,000, percent)	344
Table 8.10	Comparisons of labor force industrialization with productive industrialization in China	345
Table 8.11	Job structure of mobility population in Shanghai (100,000, percent)	347
Table 8.12	Number of graduates of universities (prime minister, vice-prime minister, state committee, chairperson, ministers)	362

Table 8.13	The Executive Committee of the Central Political Bureau in the Communist Party, which started in 2002	382
Table 8.14	Leaders of the next generation	383
Table 8.15	Comparison of high ranking executives who graduated from Peking University and Tsinghua University	384
Table 8.16	Top 10 universities that prominent politicians had graduated from	385
Table 8.17	Details of the eight Democratic Party groups	387
Table 9.1	The effects on the GDP growth rate by creating East Asian FTA	413
Table 9.2	Regional trade ratio (percent)	423
Table 9.3	Per capita GNI and Gini coefficient in East Asia and EU	425
Table 9.4	US military alliance in the Asian Pacific region	431
Table 9.5	FTA effects on Japanese GDP (2010; annual, percent)	439
Table 9.6	Ratio of inward and outward FDI amount to the world total (percent)	446
Table 9.7	Relative ratio of FDI	447
Table A.	Regional trade ratio	423

Photo

Photo 8.1	Actual situation of “the worst case of Dingzihu, eviction rejected family, in the history”	354
-----------	--	-----