The spatial dispersion of economic activities and development trends in China: 1952–1985

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Abstract. This paper reviews and analyzes the spatial dispersion of economic activities in the Peoples’ Republic of China for the period of 1952–1985. The purpose of the paper is to shed light on the future prospect of spatial development in China. Specifically, the paper examines the relationship between spatial dispersions of economic activities and the central government’s policy for economic development in past decades.

1. Introduction

Historically, national development policies of the People’s Republic of China have encouraged balanced development by sector and by region. China’s future spatial development plans and policies, however, are not yet clear, particularly since China adopted a limited market economic system in the late 1970s, after decades of a centrally controlled economic system with a heavy emphasis on equity in the distribution of economic activities. In the Third Plenary Session of the Eleventh Central Committee in December, 1978, China adopted an open door policy on economic development, which resulted in rapid changes in economic growth in the coastal provinces in China. Because of this past tradition and new trends, China provides an interesting opportunity for an analysis of the impact of the central government’s key economic policies on regional development and the spatial dispersion of economic activities (Li 1989a). China had implemented this equitable and balanced development policy since its liberation in 1949, but recently China has pursued a policy that focuses on readdressing spatial and/or sectoral disparities that have resulted from past centuries.

The purpose of this paper is to review and analyze the spatial distribution of economic activities in China to shed light on the effects of China’s eco-

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nomic development policies. More specifically, the paper examines the relationship between spatial dispersion of economic activities and the central government's policy for economic development in past decades. In addition, the paper examines the share of economic growth in seven coastal provinces (Liaoning, Hebei, Shandong, Jiangsu, Zhejiang, Fujian and Guangdong) and two cities (Tianjin and Shanghai) before and after 1979 when the open-door policy was adopted.

The remainder of this paper is organized as follows. The following section presents a brief historical overview of economic development strategies in China. Section 3 describes the measure we used to analyze dispersion, the entropy measure, and two transformations thereof. Section 4 presents an analysis of spatial distribution of economic activities by sectors between the years 1952 and 1985. Section 5 presents a summary and conclusion.

2. Economic development strategies in China

China has implemented seven Five Year Economic Development Plans (FYEDP) since 1953. During the First FYEDP period (1953–1957), the plan emphasized the development of heavy industries. This strategy was based on Stalin's unbalanced development policy which held that the development of heavy industries will cause the development of light industries (Brodsgaard 1983). The focus on heavy industry was continued in the Second Five-Year plan (1957–1962), but this Plan was not carried out due to the Great Leap Forward movement. Several natural disasters in 1959–1961 and the withdrawal of Soviet technicians in 1960 made it impossible for Chinese planners to achieve the original growth targets (Liu and Wu 1986).

The three years between 1963–1965 are often called the Period of Readjustment and Consolidation. During this period, emphasis was given to restoring agricultural output and expanding it at a rate that would meet the needs of a growing population. As a means to revitalize agricultural production, small amounts of land were officially allowed to be privately owned. The Cultural Revolution prevented the Third Five-Year Plan (1966–1970) from being systematically prepared and implemented (Ma 1982). The radical Chinese leaders insisted that the most urgent task at hand was not to improve material well-being, but to continue the class struggle and to maintain spiritual purity. During the Fourth FYEDP period (1971–1975), the political environment for economic development was improved by exchanging diplomats with countries in the Western world.

The Fifth FYEDP (1976–1980) was severely hampered by political instability and natural disasters from the beginning. The Plan was revised in the Second Session of the Fifth National People's Congress in June, 1979, when Deng Xiaoping sought to stabilize political turmoil. During this period, emphasis was placed on price stability and balanced growth among industry sectors rather than the efficiency of economic growth. During the Sixth FYEDP period (1981–1985), an efficiency-first policy was implemented in order to achieve the national target of producing quadruple amounts in all sectors by the end of the century (Government of PRC 1983).

In April, 1986, the Fourth Session of the Sixth National People's Congress approved programs to be implemented during the seventh FYEDP (1986–1990) period. The plan was to achieve the following three goals: (1) to mod-