Conclusion: Spatial Structure and Regional Development in China

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10.1 The interregional input–output approach to China

Recent studies on the regional development of China have shown that regional disparity has become a significant problem, and this has led many policy makers and researchers to pay attention to the issue of how we might develop the underdeveloped regions of the nation. It should be noted, however, that most of the approaches to date have focused on the situation in specific regions, rather than considering interregional interdependency. Therefore, in order to add something substantial to these previous studies, we felt the need to consider the interregional feedback effects and/or spatial interactions quantitatively. This was the main reason why we compiled the full-scale interregional input–output model for China as a useful analytical tool for considering spatial economy. We have also analysed the current regional economy in China by using this sort of interregional input–output approach.

When we reviewed the empirical implementation of an interregional input–output analysis on regional economic issues in China, this revealed that there have been few compilation works and few applications of an input–output analysis to the regional economy as it actually exists in China. In this regard, through careful and earnest discussions within our study group, we achieved the following consensus: First, we have to explain the limitations of an input–output model, together with its underlying assumptions so as to extend its model for further study works. Secondly, we also have to show how to compile and estimate
a body of full-scale interregional input–output data which can then be used as the basis for further empirical investigation. In the light of this, let us make some additional comments.

With regard to the first point, we dare to admit that in the current circumstances an input–output model arouses considerable scepticism, although it should be regarded as the most fundamental and useful framework for grasping the real economic structures in a simple and consistent way. Upon closer investigation, it becomes clear that many of the criticisms relate to the strong technical assumptions that lie behind an input–output model. Therefore, in order to cope with such current circumstances to become better off, we outlined, in Chapter 2 (Ihara), the basic structure of an input–output model in more detail, together with an explicit acknowledgement of its qualifications and limitations, in order to clarify the relative advantage of the model. We, then, also explained the contemporary frontiers on an input–output model for further research.¹

As for the second point, we dare to say that we still suffer from the severe restrictions on the available interregional input–output data for China. Under these conditions, we have to address such problems as how we could obtain or estimate reliable interregional input–output data in China. Eventually, in Chapter 3 (Okamoto and Zhang), we clarified the non-survey methods of estimating regional and interregional input–output data and production accounts (i.e., total outputs) in the region concerned, we have estimated interregional input–output coefficients and the related Leontief inverse matrix.²

10.2 The results of our study

Using our interregional input–output model, which was developed with our estimated data, we have tried to analyse various regional development problems in China. More specifically, we have employed the data from our Multi-Regional Input–Output Model for China (CMRIO) (Institute of Developing Economies 2003). According to our CMRIO model, the regional breakdown in China has been carried out correctly. Therefore, our empirical studies of the regional development of China have been basically conducted subject to this sort of regional definition. However, the regional definition and/or division for China have been widely discussed in the literature. As a result, many other methods of dividing up the regions of China have been proposed.

Therefore, in Chapter 4 (Li and Hou), these regional divisions for China were investigated in some depth, together with some additional