

Chapter 2: Regional Development and Inequality in China

Prior to 1978, strong centralised control over resource distribution ensured fewer inequalities between China's urban and rural societies, and between coastal and interior regions. For example, raw materials were processed within the regions where they were extracted, which tended to favour the interior. Equally, restrictions on rural to urban migration prevented the loss of talent from the countryside, as well as stopping the development of large shanty towns in the cities. Under Mao Zedong, the interior's share of industrial output actually rose, as growing tensions with the Soviet Union created **geopolitical** advantages from strengthening the western provinces. The economic policies introduced by Mao's successor, Deng Xiaoping, soon put an end to the relatively high level of equality enjoyed by China's citizens and regions.

China's GDP per capita, at \$10,276 in December 2019, disguises considerable regional variations that exist today. Around 40% of China's population currently live in rural areas, with the remaining 60% living in urban areas. These urban areas are not evenly distributed, but are disproportionately situated in the coastal provinces. The mean urban income in China is more than twice the mean rural income.

The government's 'open-door' policy towards foreign direct investment (FDI) meant that, throughout the 1980s, investors from British-controlled Hong Kong and Japan became involved in manufacturing within China, particularly in the Pearl River Delta (PRD) region of Guangdong province. Provinces were given the freedom to pursue the comparative and **initial advantages** they enjoyed (coastal provinces enjoyed the most due to their location favouring trade) and China was simultaneously starting to become integrated into the world economy.

Development of China's Core - SEZs and Growth Poles from the 1980s:

To ensure this development strategy brought the required flow of capital, Deng Xiaoping authorised the creation of China's first wave of SEZs from 1980. Shenzhen, Zhuhai and Shantou (Guangdong province) and Xiamen (Fujian province) became SEZs, with the government offering investors cheap land, tax incentives and high-quality infrastructure. Shenzhen's growth has been the most spectacular, with its population climbing from 30,000 in the late-1970s to 175,000 in 1985 and more than 12 million by 2017.

Through the 1980s and 1990s, more 'open cities' (SEZs and ETDZs) were set up in China's coastal areas, to help maintain the rapid inflow of FDI, and further develop the market economy in these areas. The ETDZs included Tianjin, Guangzhou, Zhanjiang and the Minhang District of Shanghai. The Pudong New Area of Shanghai also gained special economic status in 1993, enjoying similar openness as the other SEZs but with additional preferential policies. The increasing number of SEZs and ETDZs helped with the process of mobilising China's huge army of workers for industrial-based employment, as well as encouraging the exploitation of the country's vast mineral reserves.



Shenzhen has been transformed from a city of sweatshops to the home of global tech companies, such as Huawei and Tencent. (Image: ID 88199262 © Yongnian Gui | Dreamstime.com)

China's development strategy was heavily biased towards the eastern provinces. The approach followed the 'ladder step' doctrine, whereby each region represented a step on the development ladder. The coast, on a higher step, had a comparative advantage over inland areas, because of its existing infrastructure, and access to Pacific trade routes, so it was easier for the coast to be modernised first. The aim was to make the coastal areas globally-competitive, so they would be attractive to foreign investment. The new industrial sites established in the south-east coastal region, such as in Shenzhen and Zhuhai (within the now larger Pearl River Delta Economic Zone in Guangdong province) were to act as **growth poles** for the surrounding areas. Their role was to advance the technology transformation in China, from traditional and often high-energy consuming industries, to higher value-added consumer industries. Guangdong could boast 171,000 foreign funded enterprises in 2018.

The SEZs were based on the ideas of the **core-periphery model**, with the hope that as the SEZs developed, the wealth generated by the east coast core area would 'trickle down' to the inland, peripheral areas through positive **spread effects**, creating regional convergence. However, the downside was the likelihood that the special privileges afforded to the coastal areas, as well as the **multiplier effect** arising from **cumulative causation**, would discourage foreign investment in the interior, and so increase the wealth gap within China. Another impact of the SEZs was the pull they had for labourers in the countryside who knew that a job in an SEZ would provide a higher, and more regular, income than from farming. This invariably led to negative **backwash effects**, creating regional divergence. The relative unattractiveness of inland China can be seen by Tibet having only 266 foreign enterprises in 2018.

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China's Core Region in Focus:

China's core region exists along the east coast, containing three major global hubs centred on Beijing/Tianjin, Shanghai and Guangdong province. The core region is responsible for most of the wealth-building economic activity and investment. Its three global hubs account for 21% of China's population and about 40% of its GDP. In addition, there are various sub-core areas in the coastal strip between the main global hubs. In fact, China has at least 160 cities with a population of more than a million, and most are located in the coastal provinces. The wealthiest areas in the core are the coastal municipalities of Beijing, Tianjin and Shanghai, with GDP per person figures in 2018 exceeding \$18,000. Beijing occupied top spot with a figure of \$21,269. The coastal provinces of Jiangsu, Zhejiang, Fujian, Guangdong and Shandong all enjoyed GDP per person figures in excess of \$11,500.

Beijing's importance is linked to its capital city role. In addition, it is China's largest software production centre, and home to the Zhongguancun technology hub which is widely regarded as China's 'Silicon Valley'. The city has been transformed from an industrial to a service-based economy. Shanghai is China's commercial and financial centre, as well as a major industrial and trading city. It is the country's main gateway to the rest of the world through its huge port complex. Guangdong province, including nearby Hong Kong, contains a huge variety of industrial enterprises. At the heart of the province is the PRD Economic Zone, now being morphed into the even larger 'Greater Bay Area'. It has attracted a substantial amount of overseas investment from companies manufacturing electronics, domestic appliances, toys, clothing and footwear. Its population grew by more than one-third between 2000 and 2010.

China's Periphery Region in Focus:

China's periphery is to be found in the central and western parts of the country, and is best exemplified by the provinces of Xinjiang, Tibet, Qinghai, Yunnan, Guizhou, Gansu and Sichuan, all of which have GDP per person figures below \$7,500. The periphery significantly lags behind China's coastal core region in terms of economic activity, investment and discretionary spending by consumers.

The central regions mainly concentrate on energy production, the extraction of raw materials, machinery manufacturing, and other heavy or lower value-added forms of manufacturing, while the western regions tend to focus on agriculture, forestry, raw materials and industries for local markets.

However, parts of the periphery have benefited from being resource frontiers, resulting in the development of secondary core areas. Chongqing municipality, in the upstream Yangtze River basin, is an example of a highly urbanised and industrialised city region in the periphery. Over 8 million people live in Chongqing itself, and around 32 million people are living in the wider urban region. Its GDP per person figure is just under \$10,000, a factor in attracting half a million migrant workers from the surrounding provinces each year. Investment-driven manufacturing has boosted the wealth of the area, with much of this coming from Chinese companies rather than overseas firms.

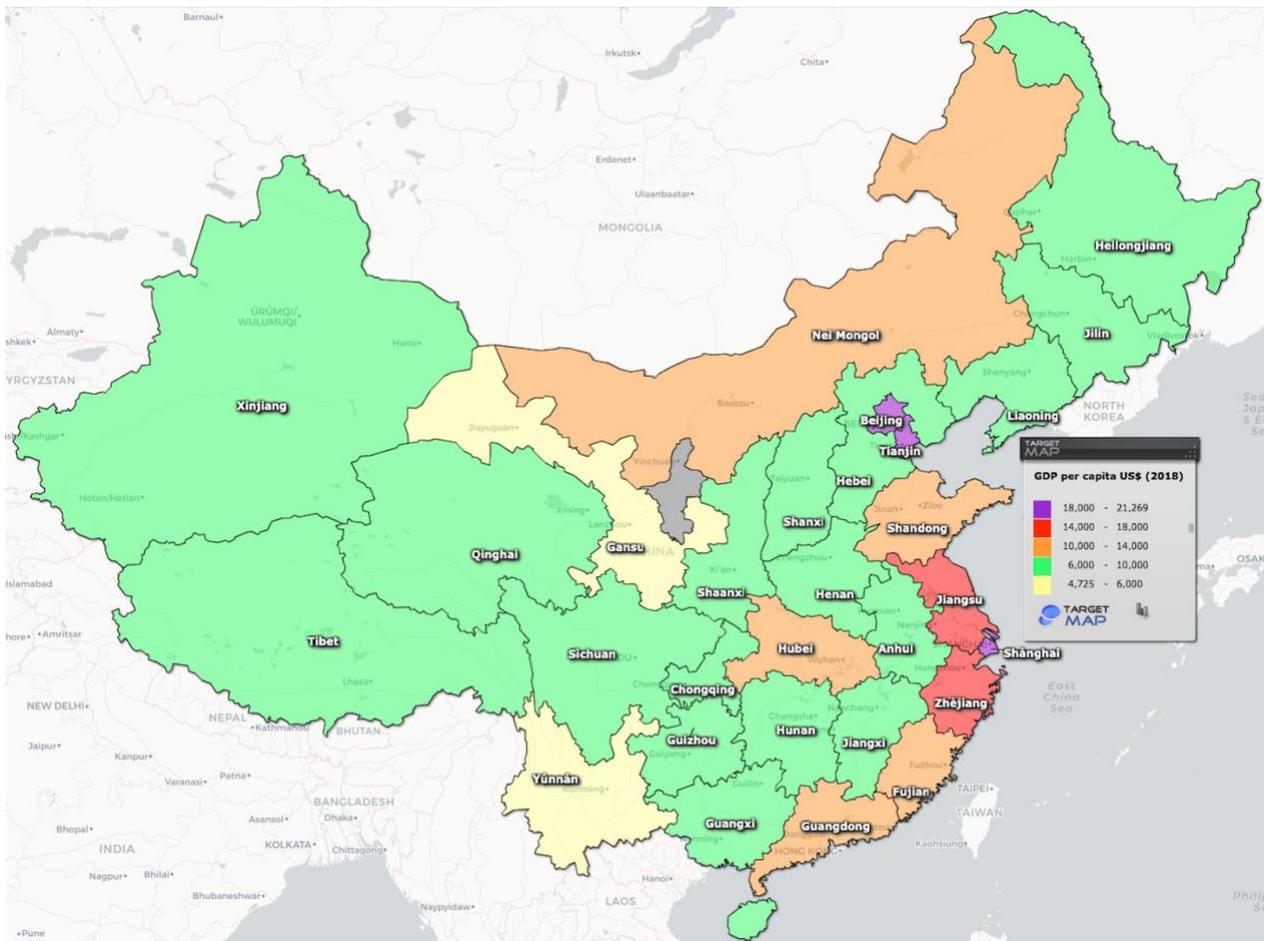
Chongqing is also China's largest inland port, and a key city in the **Great Western Development Strategy** ('Open Up the West Initiative') launched in 2000, acting as a growth pole for the interior. Its proximity to the Three Gorges Dam, providing cheap electricity and reliable water supplies has provided industry with advantageous access to these key resources. The Three Gorges Dam project on the Yangtze River in Hubei province, has therefore become a pivotal part

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of China's development drive to open up the interior and spread the benefits of economic growth, including more FDI, to more peripheral areas, thereby extending the wealth of the core further inland.

Elsewhere in the periphery, state-owned industries and subsistence farming remain central aspects of the economy. Communications are generally limited. Inequality is also very marked between different rural areas of the periphery. For example, the fertile floodplains of the Yangtze valley provide farmers with more lucrative cash crops than the salty and sandy plain of the north, or the mountainous west. The poorest provinces in the periphery are Guizhou, Gansu and Yunnan, with GDP per person figures in 2018 below \$6,500. Gansu occupied bottom spot with a figure of just \$4,725.

Under the 'ladder step' doctrine, the periphery is expected to eventually catch up with the development and wealth levels of the core, but this depends on whether the spread effects from the core will ever outweigh the backwash effects. In addition, not all coastal or near-coastal provinces have reaped the rewards of China's economic drive. This is witnessed in the decaying industrial heartland of China's north-east, where massive state-financed industrial zones still rule.



GDP per capita for each of China's provinces, municipalities and regions in 2018, measured in US\$. China's average GDP per capita of \$9,770 in 2018 (\$10,276 in 2019) masks the huge inequality in wealth between China's east coast core region and much of the peripheral interior. (Source: National Bureau of Statistics of China)

Economic Challenges Facing China's North-East:

The north-east region, encompassing the provinces of Liaoning, Jilin and Heilongjiang, has fallen on hard times in the past two decades. As China's east and south have got rich, in the rush to a market economy, China's north-east has been left behind. The region produced 16% of China's industrial output in the early 1980s, despite containing just 8% of the population. Cars, steel, ships and oil brought wealth to the area. However, by the beginning of the 21st century industrial output was down to 9%, as the frenzied economic growth moved to Shanghai and the southern province of Guangdong. The north-east has become China's 'Rust Belt', with provincial GDP per person figures between \$6,500 and \$9,000, providing the government with a severe challenge to turnaround.

In 2003, the government announced its 'Revitalize Northeast China' regional development policy. The aim was to rejuvenate the region's traditional industry through financial support and economic reforms. State-owned factories, which dominated production during the communist years, have been slowly released from inflexible government control, and expected to compete in the marketplace, and produce economic returns. While some have thrived, many others have struggled. What is uncertain, is how many inefficient factories still exist today, and the level of cash flow required from China's banks to prop them up.

Therefore, China's intractable problem is how to deal with the thousands of obsolete state-run factories in the region, in order to avoid the fallout from the growing level of unemployment and poverty, as well as the repercussions of environmental disasters. So far, there has been \$8 billion of government spending, in a renewed attempt to rehabilitate the north-east region. The focus has been on closing, or privatising, the inefficient state-owned factories, while workers are being retrained for more modern assembly-line production or even software engineering.

*The real test for regeneration will be whether foreign investment, from the likes of Japan and South Korea, can be attracted to the north-east. Dalian is the only city in the region with global ambitions that might be achievable in the near future. It is trying to surpass Bangalore, India, as the world's capital for **technology outsourcing**, and the rapid expansion of its software industry suggests it has a chance. The city has attracted foreign investment from US companies, such as Dell, Hewlett-Packard and IBM, although by far the biggest source of investment has come from Japan. Yet, despite the positive signs from Dalian, it remains to be seen whether the rest of the region as a whole can regain its former glory. High unemployment and a reputation for corruption hamper the modernisation of the north-east.*

Recent Attempts to Reduce Regional Inequality:

China has been building close to 4,000km of railway tracks annually, with 80% being in China's central and western regions, areas where poverty remains an intractable problem for the government. The majority of new rail lines are high-speed rail tracks capable of supporting China's bullet trains (designed and manufactured in the country) that operate at up to 350 km/h. New roads and railways are helping farmers and rural businesses to sell in larger markets.

Since 2016, an anti-poverty campaign by President Xi has started to tackle the problem of rural poverty by relocating households from remote or challenging rural locations to government-subsidised homes in more hospitable locations, either nearby or some distance away. In Guizhou province, around 750,000 people were moved to new villages and towns during 2017. The government hopes that similar resettlement schemes across rural China will remove 30

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million people from extreme poverty by 2020, almost ending the existence of extreme poverty in China.



Although Yunnan province ranks as one of China's poorest regions, with GDP per person below \$6,000, the 'trickle down' effects from economic growth in China's core are gradually being felt. (Image: © Alan Chapple)

In the Tibet Autonomous Region (where 90% of the population is ethnic Tibetan), as well as in the Xinjiang-Uighur Autonomous Region (46% ethnic Uighur), government regional policy since 2000 has included the Great Western Development Strategy (bringing new infrastructure such as transport, HEP plants, energy, and telecommunications), advertising campaigns to attract foreign investment, and an increased focus on environmental protection (such as afforestation schemes).

Although the Tibet Autonomous Region remains one of China's poorest, with its GDP per person figure below \$6,000, it has enjoyed the largest reductions in extreme poverty since 2010. Between 2010 and 2013 poverty here fell from 34% of its population to 19%. In January 2019, the regional government claimed that 180,000 had been lifted out of poverty during 2018 alone, and predicts an end to extreme poverty in the region by the end of 2019.

Despite the improvement in living standards in Tibet and Xinjiang, many locals view the motives of the government with suspicion. Simultaneous to the investment through the Great Western Development Strategy, there has been a deliberate government policy to encourage the immigration of ethnic Han Chinese to these provinces. Tibetans and Uighurs worry that this large-scale population resettlement is part of a state-led plan to dilute their own ethnic cultures, as well as weakening local support for independence from China.

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Waves of mass migration from China's heartland have increased Xinjiang's Han population from 6% in 1949 to around 40% today. The Uighur Muslim minority in Xinjiang have also had to contend with the government's 're-education camps', a system of internment camps to tackle extremism. Critics claim that these high-security prison camps have been built for the systematic brainwashing of hundreds of thousands of Uighurs.

Repression in the Xinjiang-Uighur Autonomous Region:

In the western region of Xinjiang, campaigns have been launched by China's government against the culture and religion of the Uighur people. There are more than 10 million Uighurs in Xinjiang, forming the largest Turkic speaking and Muslim minority ethnic group in the region. The campaigns against the Uighurs have been justified on the grounds of national security, particularly the need to combat terrorism and religious extremism. It is believed that hundreds of Uighurs travelled to Syria to fight with Islamic State (IS) and other militant groups.

Since 2014, members of the Uighurs (and some other Muslim ethnic minorities) have been detained, for weeks, months or even longer periods, in newly built 're-education camps', with UN-backed reports suggesting as many as 1 million Uighurs have been forced into detention. It appears that the majority have been taken to these camps without trial or any charges brought against them. Observation towers, razor wire and sophisticated surveillance systems feature alongside the camps' classrooms and dormitories.



Ürümqi is the capital of the Xinjiang-Uighur Autonomous Region. Situated near the northern route of the Silk Road, it has a population today of around 3 million. (Image: ID 138848869 © Aleksandar Pavlovic | Dreamstime.com)

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The camps are aimed at changing the religious beliefs, political ideologies and language of the Uighur people. The Chinese government has denied their existence as internment camps, describing them as 'vocational education centres' where 'trainees' attend voluntarily to learn Mandarin and gain employment skills. Yet, former inmates have claimed they were imprisoned for merely following Islamic traditions, such as wearing long beards.

Other reports suggest that the detention of whole extended families has led to young children being placed in state orphanages. Further actions taken against the Uighur minority have included the closure of mosques, men forbidden to grow beards, and women forced to remove head coverings. In addition, a state-sponsored 'cultural exchange' initiative has seen more than one million local government officials deployed to spend time in the homes of Uighur families. The government calls it the 'Pair Up and Become Family' campaign. Critics see it as a way of extending surveillance to within the home. Everyday life for Uighurs is also affected by high-level security in the province's main streets, including the widespread use of facial-recognition CCTV cameras and thousands of checkpoints for pedestrians and vehicles.

The region's mineral wealth, especially from oil and gas, and its SEZ status have brought considerable investment into Xinjiang. However, the in-migration of Han Chinese and the uneven spoils from the region's economic growth have created simmering ethnic tensions, despite the rise in living standards enjoyed by nearly all its residents. The Chinese government boasts about the absence of terrorist attacks in recent years, claiming the region now enjoys social stability and unity. Whether the policy of internment reduces or amplifies the resentment of the Uighurs in the long-term remains to be seen.

Poverty, Inequality and a Two-Speed Economy:

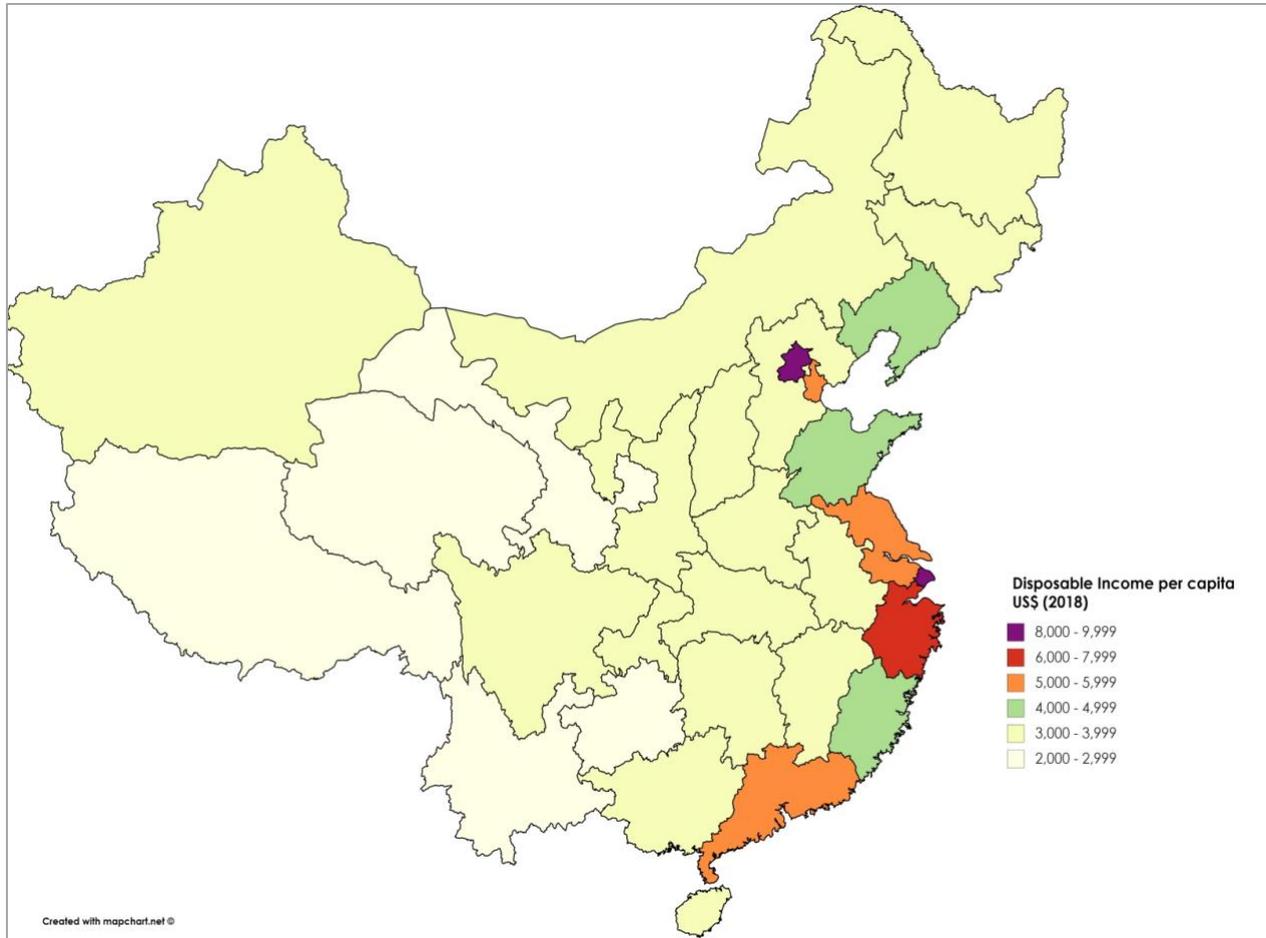
The need to tackle poverty in China's rural areas is a priority, since only India has more poor people than China. Although more than 400 million people have been lifted out of extreme poverty in the last two decades, there were still thought to be 175 million living below the World Bank's \$1.90 dollars a day benchmark for extreme poverty in 2010. Official government figures suggest that 45 million were living below the national poverty line at the end of 2016. The government hopes that 30 million of these people will no longer experience extreme poverty by 2020. In the richest provinces, extreme poverty had almost entirely been eliminated by the end of 2019 if government sources are to be believed. Local officials in Jiangsu province claimed that just 17 people from 6 households were living below its benchmark of 6,000 yuan (\$863) a year due to a successful campaign that had helped lift 2.54 million people out of extreme poverty in the past four years.

Despite the reduction in extreme poverty, moderate poverty remains a reality of life for the majority of China's rural citizens. Notwithstanding government policies to raise the price of agricultural products, and reduce the tax burden for farmers, the 650 million people living in the countryside are still relatively poor and uneducated, although new roads and railways are helping local businesses to reach out to larger markets.

China's economic development has also created social problems. The economic reforms have favoured the coastal provinces whose booming economies contrast with large parts of the interior where state-owned enterprises are still the norm, and have difficulty remaining competitive. The huge flood of migrant labour from the interior to the coast, estimated to involve 170 million of China's 290 million migrants, has changed the demography of the countryside.

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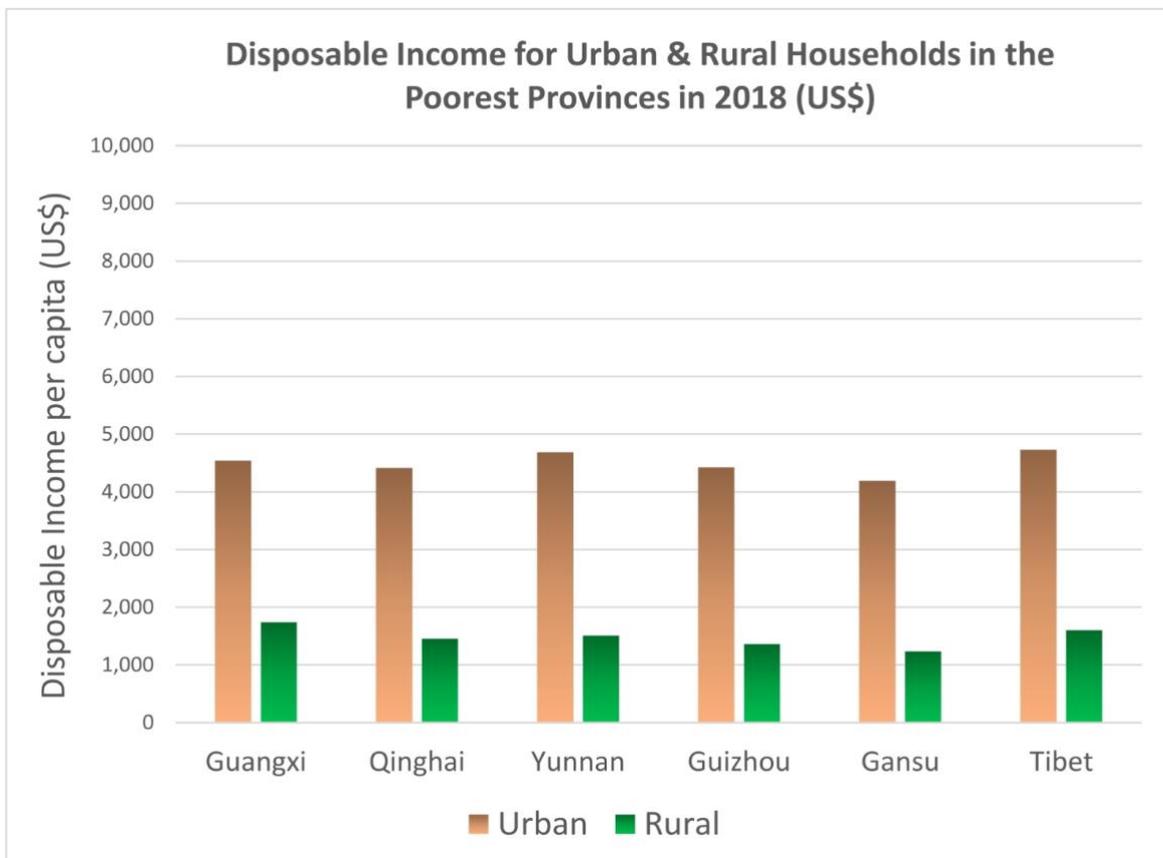
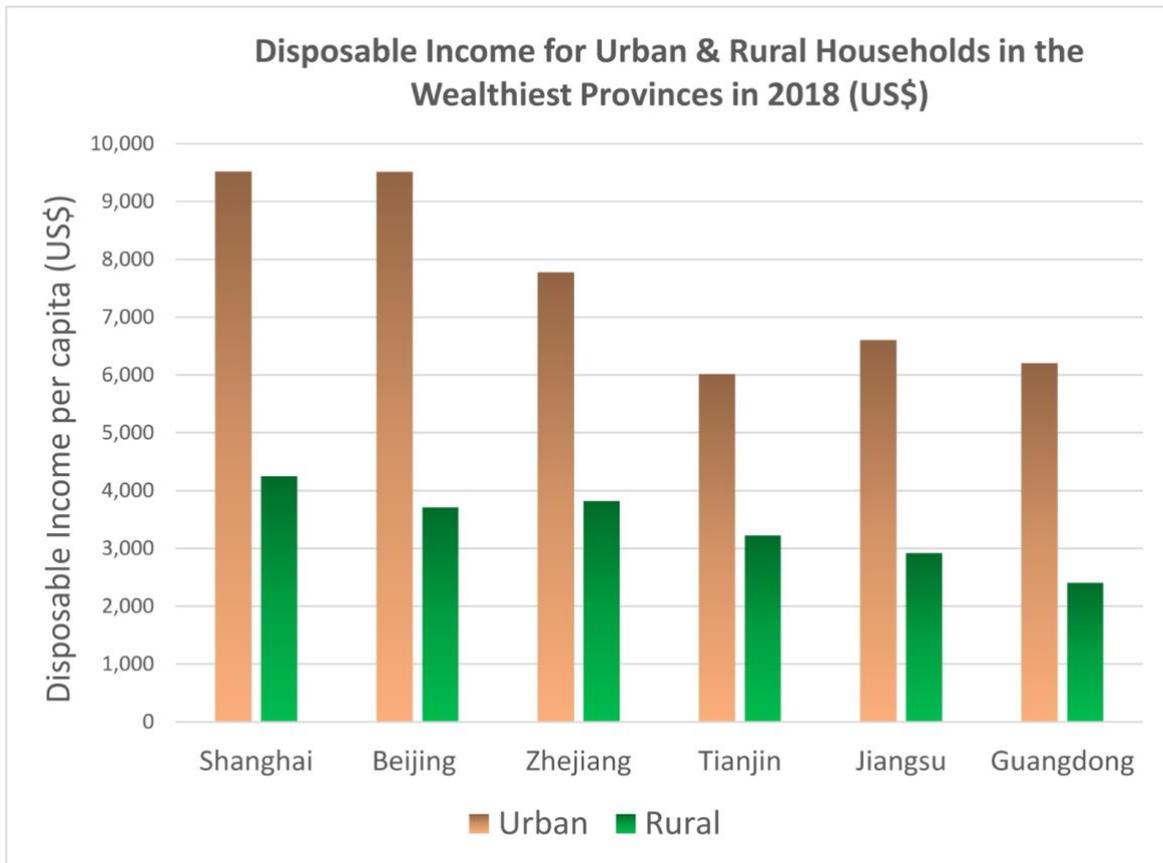
Geographically (inland v coastal), sector-wise (primary v secondary) and ownership (state-run v private), China demonstrates the characteristics of a two-speed economy. Even in the cities, poverty can be found within one or two blocks of the more upmarket residential or business areas. Many people can be seen engaged in informal work, especially near tourist locations, and others resort to begging.



Disposable income per capita for China's provinces, municipalities and regions in 2018 shows the higher living standards enjoyed by the population in the east coast core region. The mean income for households in Shanghai and Beijing was in excess of \$8,000. The mean income in Qinghai, Yunnan, Guizhou, Gansu and Tibet was below \$3,000. (Source: National Bureau of Statistics, China)

Despite the relative poverty evident in China's cities, life in the countryside remains worse for the vast majority. In all of China's provinces, the gap between urban and rural incomes is huge. Urban households in the Shanghai municipality enjoyed a mean income of \$9,525 in 2018 (the highest in China), dwarfing the mean income of \$4,252 for rural households in the same municipality. At the same time, the mean income of urban households in Gansu province was only \$4,194 (the lowest in China), yet this was still far higher than the mean income of just \$1,233 for rural households in the same province. For China's government, urbanisation must continue if the country is to escape the **middle-income trap**.

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The income gap between urban and rural households is high throughout China, with urban residents at least twice as well off. Shanghai residents have the highest incomes; Gansu residents the lowest. (Source: National Bureau of Statistics, China)

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Evaluation of Regional Policy:

Coastal cities continue to have a clear comparative advantage for most manufacturing industries over inland areas, despite rising costs of production, such as labour costs. For e-commerce and service industries, the coast offers huge advantages linked to market size. The effects of foreign investment and export-led growth have been to increase wealth levels considerably in these coastal locations, with the outcome that economic and social inequalities between core and peripheral regions in China have widened over time.

China's Gini index stood at 0.468 in 2018, having peaked at 0.491 in 2008. Such a score (0 = total equality; 1 = total inequality) shows that the gap in income distribution is still relatively large. China has lost its status of being one of the most equal places in the world, and now ranks as one of the most unequal. The richest 1% of the population hold one-third of household wealth, with research by Forbes and Credit Suisse identifying 476 billionaires and 4.4 million millionaires in 2019.

Communications and transport remain limited in much of the interior, although recent government investment is beginning to address the problems. Yet, far more workers in the periphery are still tied to the low wages of obsolete and inefficient state-run industries, many of which are viewed as 'zombie' companies due to their failure to bring economic returns.

The urban-rural divide in China is stark, with per person income in the countryside being between half and one-third of the cities. The role of the state exacerbated this inequality, by gifting many urban residents their homes during the privatisation wave of the 1990s. Simultaneously, young rural-urban migrants have suffered discrimination due to the Hukou household registration system of residency permits. Rural-registered workers in cities don't enjoy the social security, healthcare and education benefits that are offered to their urban equivalents, and they regularly suffer wage discrimination at the hands of unscrupulous employers. This limits the spoils of economic development available to the rural poor.

The outcome of the growing economic disparities has been unrest, with protests over income inequality, land rights and local corruption taking place. Uneven economic growth has led to growing resentment by the people living in the underdeveloped inland regions, who perceive that other regions, particularly the coastal ones, are prospering at their expense.

Difficulties Judging the Effectiveness of Regional Policy:

China is a vast country with an equally huge population. The scale of the problem (regional disparities) is large compared to the financial resources of the government (whose relatively high debt must be managed carefully to ensure sustainability).

Although the Communist Party has maintained its power for decades, regional development policy changes frequently (each 5-year plan has addressed the regional development issue in different ways).

Regional disparities could well have been far greater in the absence of regional policy (it's impossible to know what the regional disparities would have been like without any government action).

The topic is highly political, and censorship is very evident in China, so much of the information on regional policy (from journals, articles, news reports) could be biased.

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Investment comes from both the public sector and the private sector, and one can't be sure if private sector investment is due to the government's regional development policy or not (therefore, should the government take all, or just some of, the credit?).

So far, the rate of urbanisation in China (around 2-3% a year) has been slower than the rate of China's economic growth (6-10% a year). It is likely that the government will want to pursue faster urban expansion over the coming decades, in order to achieve its ambitious plans for economic improvement. About 220 million rural labourers moved to the cities looking for work between 1979 and 2014, and it is likely that another 100 million will have moved by 2020. The risk of greater unrest from the 600 million or so remaining rural residents is a fear of the government.

Rural land-grabbing close to the cities has also been a problem. The construction of new roads, factories and residential areas has led to the eviction of rural households, with very little compensation paid. Over 60,000 square kilometres of farmland have been lost in the last two decades.

The government has tried to tackle some of the problems of the periphery by improving the infrastructure of the interior, in order to attract more prospective investors. Measures include the Three Gorges Dam project, subsidies for businesses moving to inland cities, such as Chongqing, a new train line from Beijing to Tibet, and allowing exceptions to the 'one-child' policy (well before the policy was scrapped in 2016). However, the trickle-down effects to the countryside have been slow. For most young rural adults, the only way to better their lives has been to migrate to the cities. Remittances sent back by these migrants to their family members in the interior do help to reduce the wealth gap, but the overall consequences of migration have led to an increasingly ageing rural population, with too few entrepreneurial and creative people to kickstart the rural economies.

Regional Development and Inequality in China Concluded:

It would appear, overall, that China's attempt to develop its western regions has had varying effects on the economic development of the interior. While massive investment has boosted the output of the interior, effectively raising the GDP in all western regions, the Great Western Development Strategy has failed to achieve its goal of eliminating the economic gap between China's eastern and western provinces. Much of the GDP growth enjoyed by inland provinces has been achieved by state-backed energy and infrastructure projects, rather than private sector investment in manufacturing. It remains to be seen whether the interior becomes a more attractive location for investment in the future as costs of production and other **diseconomies** increase in the core.

Quick Questions:

- Why has government investment focused much more on the coastal provinces, rather than the inland provinces?
- What are the main roles of the inland provinces?
- Where can China's three major global hubs be found?
- What are the key differences between these global hubs?
- How is China's periphery expected to benefit from the economic growth generated by the core region?
- What are the benefits of the Three Gorges Dam project?

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- Which province has the lowest per person GDP?
- Why do wealth levels vary between different rural areas in China?
- How has the Chinese government tried to address the problem of poverty in the rural areas?
- What factors have contributed to poverty in China's urban areas?
- What are the challenges facing China's North-East?
- How is the Chinese government trying to help the North-East?
- Why is development a 'mixed blessing' for regions such as Tibet and Xinjiang?
- What has happened to income distribution in China over time?
- What evidence suggests that the gap between China's core and periphery is increasing rather than decreasing?

Tasks & Discussion:

- *Why has China's east coast developed into the country's core region?*
- *To what extent have the backwash effects associated with the development of China's core region exceeded the spread effects?*
- *Outline the major challenges facing the development of China's periphery.*
- *Explain the rise and fall of China's North-East.*
- *Discuss the positive and negative consequences of rural-urban migration in China.*
- *Outline the social and economic problems that China's rapid economic growth has created within the country.*
- *To what extent has the Great Western Development Strategy achieved its objectives?*

Quick Test

1 How does the size of China's economy (measured in GDP) rank globally today?

- a Largest
- b Second largest
- c Third largest
- d Fourth largest

2 China's development strategy has favoured which provinces?

- a Eastern provinces
- b Western provinces
- c Northern provinces
- d Inland provinces

3 What was the focus of economic development in the Special Economic Zones (SEZs)?

- a Energy production
- b Consumer industries
- c Machine manufacturing
- d Raw material extraction

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4 Which SEZ enjoyed the most spectacular growth during the 1980s, and early 1990s?

- a Hong Kong
- b Shanghai
- c Zhuhai
- d Shenzhen

5 Beijing is the most important location in China for which industry?

- a Financial services
- b Domestic appliances
- c Software production
- d Motorcycles

6 Which 'open city' grew quickly during the 1990s, attracting 25% of the foreign direct investment (FDI) in China?

- a Hong Kong
- b Shanghai
- c Beijing
- d Tianjin

7 Which of these is not an important part of Chongqing's economy?

- a Motorcycles
- b Port facilities
- c Heavy industries
- d Financial services

8 Which Chinese city has the world's 4th largest stock exchange?

- a Hong Kong
- b Shanghai
- c Shenzhen
- d Beijing

9 What was the value of FDI in China in 2018?

- a \$77 billion
- b \$154 billion
- c \$94 billion
- d \$142 billion

10 What % of China's population still live in rural areas?

- a 66%
- b 34%
- c 41%
- d 54%

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11 How do wealth levels in China's three richest regions/provinces compare with the three poorest regions/provinces?

- a 5-6 times higher
- b 3-4 times higher
- c 1-2 times higher
- d roughly the same

12 Which area has enjoyed the largest reduction in poverty since 2010?

- a Tibet
- b Yunnan
- c Gansu
- d Tianjin

13 How many rural labourers moved to the cities between 1979 and 2014?

- a 440 million
- b 220 million
- c 660 million
- d 110 million

14 How many people in China have been lifted out of extreme poverty since 1979?

- a 100 million
- b 200 million
- c 400 million
- d 80 million

15 Which area has become China's 'Rust Belt', due to two decades of industrial decline?

- a North-west
- b South-east
- c South-west
- d North-east