



# How to Improve the World Impact of the Western Region's Economy in Today's Economic Situation - A Literature Review

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**Abstract:** This paper delves into strategies to elevate the global influence of China's western region's economy amidst current global economic dynamics. Recognizing the necessity for economic advancement in this region, the study initiates with an analysis of the prevailing economic development trends both globally and within China, acknowledging the smooth operation of China's economy against a backdrop of global economic recuperation challenges. Through a detailed exploration of the theoretical and practical significance, the paper underscores the criticality of this research. It reviews the existing scholarly discourse, noting a domestic focus on digital economy enhancements in the western region, contrasted with international analyses rooted in broader assessments of China's economic landscape. The document culminates in a comprehensive review, positing the study's contributions towards understanding and improving the economic stature of China's western region on the world stage.

**Keywords:** Western Region, Economic Development, Digital Economy, Global Influence

## 1. Background and significance of the study

### 1.1. Background of the study

Under the current economic situation, China's economy has always been on the upswing, with a bright future, and cities such as Beijing, the south and the coastal areas of the south have always been at the forefront of the country's economy. However, based on the general law of China's regional development, in the context of the traditional economy, subject to the geographical location, factor endowment and other objective conditions, China's regions have a more obvious unbalanced and inadequate development phenomenon, so narrowing regional disparities and promoting coordinated development of the region are China's economic and social development strategy focus, it is also a basic requirement for the construction of socialist modernization with the goal of common prosperity<sup>0</sup>. Promoting the economic development of the western region is also a top priority.

In order to solve this problem, it is essential to conduct in-depth studies on effective ways of sustaining domestic economic development and to identify the nature of domestic economic development. Only through in-depth research can we reveal the nature of the problems affecting domestic economic development and offer solutions accordingly. Therefore, it is of great practical significance and urgency to study the solutions to maintain domestic economic development and increase its influence in the world, which will have a positive impact on the improvement of people's living standards and the advancement of society. Against this background, it is necessary and indispensable to conduct an in-depth study of measures to maintain domestic economic development.

Currently, downward pressure on global economic growth is high. Among the challenges facing the global economy are slower growth in advanced economies, slower decline in core inflation, and continued downside risks<sup>0</sup>. In terms of global economic growth, due to inflation has always maintained a high level of operation coupled with the impact of the Russian-Ukrainian conflict, global economic growth is not optimistic, in the IMF's forecast of the global economy, the United States, Japan, the euro area and other places are expected to be at a lower level, the growth rate is not as fast as the emerging

markets and developing countries, 2020, the new crown epidemic has also caused a lot of trauma to the global economy; in terms of the speed of the global inflation downturn, which is less than market expectations, and the U.S. inflation fallback is mainly due to the decline in energy prices, service inflation is still very high, but due to OPEC's sudden cuts in production, energy prices are rising again; in terms of downward pressure, the U.S. inflation crisis and the interest rate hike and the unemployment rate is high, the United States needs high interest rate policy to control inflation, but it also creates the problem of rising unemployment rate, according to the "O'Donnell's Law", a rise in unemployment is often accompanied by a fall in GDP<sup>0</sup>. The so-called GDP, that is, Gross Domestic Product, is an important indicator for measuring the economic situation or development level of a country or region. The United States is nowadays in order to have a banking financial crisis, financial and economic crises may also come soon. For example, scholar Cai Jingqing (2023) elaborates on this view in his article "The temporal and spatial vein and profound mechanism of the decline of the Western capitalist economy today". Cai Jingqing believes that the Western economy is gradually going into decline. The main reasons for this are the financial crisis in 2008 and the global outbreak of the New Crown Pneumonia epidemic in 2020, and he analyzes the decline of the Western economy in detail from the perspective of time and space and profound mechanism<sup>0</sup>. Scholar Feng Yi (2013) also has his own thesis in the article "Exploring the Roots of Economic Decline in Western Developed Countries". On the one hand, Feng Yi believes that the root cause of the economic decline of the developed Western countries is their high-tech blockade policy. The advantage of Europe, America and Japan has now evolved into the advantage of high-tech products, however, they have imposed high-tech blockade on some countries. On the other hand, Feng Yi specifically analyzes the contents of the high-tech blockade imposed by western developed countries on developing countries, including microelectronics technology, biotechnology and a series of highly sophisticated industries<sup>0</sup>.

All of these points prove that the global economic recovery still faces serious challenges.

Our domestic economy, on the other hand, is different from that of the West, which has seen considerable development in recent years. From a macro point of view, China's economy has been running steadily and economic growth has been in line with expectations. The stable supply of currency, the stability of the domestic demand market, and the balance of payments have all played a good role in guaranteeing the smooth running of China's economy<sup>0</sup>. In recent years, the gross domestic product has continued to grow. It can be seen that the new crown epidemic in 2020 not only did not affect economic development, but GDP instead grew rapidly from 2020 to 2021.

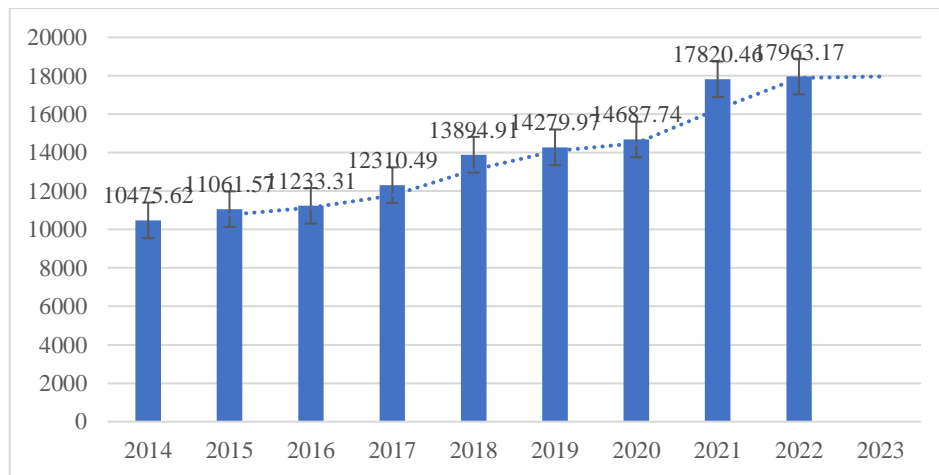


Figure 1: Gross domestic product (in US\$ billions).

In terms of economic structure, although the growth rate of China's industrial production has declined, the economic structure has been continuously optimized and adjusted, and structural adjustment and optimization have been continuously promoted in terms of industrial structure, demand structure, regional structure and other aspects<sup>0</sup> and promoting supply-side structural reform. In terms of the quality of development, China has always adhered to the supply-side structural reform as the main line, adhered to the quality and efficiency as the center, the quality and speed of economic development have gone hand in hand, economic development has been progressing steadily, structural adjustment has been advancing steadily, the modern service industry has accelerated its recovery, the financial operation has been stable in general, and there has been a continuous flow of financial kinetic energy<sup>0</sup>. From the point of view of fixed asset investment, the growth rate of investment in consumer goods manufacturing

industry and high-tech service industry is stable, and the leading indicators are developing well. Although the investment structure is in the process of continuous improvement, we should also pay great attention to the impact caused by the decline in the growth rate of manufacturing and infrastructure investment<sup>0</sup>.

In summary, China's economy is running smoothly and developing well.

## **1.2. Research significance**

### **1.2.1. Theoretical significance**

At the theoretical level, the research of this paper will enrich and improve the theoretical system in the field of international economy and trade, make a more systematic summary and analysis of the international and domestic economic status in recent years, and on this basis, find out the challenges and opportunities faced by China's economy. Times are always developing, and economic development will change with the domestic and international situation, and no economic policy is static. We analyze the economic situation, find out the opportunities and challenges, analyze the domestic and international economic development of scholars in recent years, summarize the specific reasons for the backwardness of the western economy, and refine and summarize how to improve the influence of the western economy in the world.

### **1.2.2. Practical significance**

With regard to the issue of how to improve the world influence of the western region's economy, which is currently under study, this paper will summarize it comprehensively in a more scientific and systematic way, provide decision-making guidance for solving practical problems, and push forward the development and improvement of the field of international economy and trade. Through theoretical research, analyzing the analysis of various scholars in recent years for the current economic background, the development status of the western economy, and the specific countermeasures to improve the economy of the western region, to form a more systematic and perfect economic framework, which will be conducive to the western region will be the application of specific countermeasures. Only by applying them in practice can we really help the development of the western region, promote the economic development of the western region and even the whole country, check the gaps, fill in the economic shortcomings that may exist, and build up the economic advantages.

## **2. Domestic and international research status**

### **2.1. Current status of domestic research**

Various domestic scholars have analyzed the economic development of China's western region differently.

Scholars Zhang Qian and Ren Baoping in the western region of the state of digital economic development, path and policy, the object of analysis for the western region of the "digital" economy. The economic development of the western region is in urgent need of assistance, first of all, Zhang Qian and Ren Baoping believe that the digital economy is an opportunity to help the western region's high-quality development of the economy, is a new economic form. The digital economy not only provides new opportunities for the western region's innovative development model, but also integrates the western region into the new development pattern, and provides new opportunities for the coordination of high-quality development and ecological protection in the western region.

Secondly, Zhang Qian and Ren Baoping made a detailed analysis of the current situation of digital economy development in the western region. In recent years, China's economic development trend is promising, Guizhou, Chongqing, Jiangxi, Sichuan, Hubei, Anhui, Shanxi and other places in the digital economy continues to develop rapidly, the growth rate exceeds the national average, while the western region of the digital economy, although the overall development of the situation is good, but its overall scale and economic contribution is still a gap with the other regions.

Once again, the author analyzes the constraints on the development of the digital economy in the western region. One is the unbalanced and insufficient construction of new infrastructure caused by the constraints received from the geographic conditions of the western region; the second is that the foundation of the digital economy in the western region is relatively weak compared to the eastern region, lagging behind in development, and the development of the digital economy will be more difficult; the third is that the western region is not only weak in the foundation of the development of the digital

economy but also has insufficient market vitality, and the number and scale of digital enterprises are low, which results in the development of the digital economy in the western region being at a disadvantage and severely constrained.

Then, the author systematically explains the goals and tasks of the development of digital economy in the western region. First, based on China's socialist modernization goal, support the basic realization of socialist modernization in the western region, and help build China's socialist modernization power; second, promote the coordinated development of high-quality development and ecological environmental protection in the western region, and improve the objective problems of the relatively fragile ecological environment and the high cost of economic development in China's western region, and third, build a new development pattern with a reasonable division of labor and complementary functions in the region, and It will promote the participation of the western region in the construction of a unified national market and advance the coordinated development of the region.

Finally, the authors put forward the path and countermeasures for the development of digital economy in the western region. For the problem of insufficient construction of new infrastructure in the west, it can be supported by digital finance; at the same time, it can promote the development of digital industry with industrial clusters as the focus point, and optimize the digital business environment to help enterprises develop digitally<sup>0</sup>.

## **2.2. Current status of foreign research**

Regarding the current state of foreign research, we focus on the overall study of our economy by foreign scholars.

Scholar Zhou Yanhui, in his article "Recent Research of Foreign Scholars on China's Economic Development Model", specifically analyzes the two main aspects of foreign scholars' analysis of "the causes of China's economic development" and "the problems of China's economic development model and its solutions". Thomas Paley, chief economist of the US-China Economic and Security Review Commission, believes that China's economic development is due to the fact that it has implemented a clear strategy of internal and external capital accumulation while carrying out market-centered economic activities, and believes that the country has implemented an export-led growth model so far; Nicholas Lardy, a senior fellow at the American Institute of Economic Research, has analyzed the reasons for China's economic growth in the past 30 years from three aspects: investment, consumption, goods and services, and believes that expansionary investment is very important; Australia's Ross Garnaut's viewpoint is different from the first two, and he believes that as long as conditions such as the existence of a strong and efficient state to ensure a stable market trading environment are met, the economy will naturally develop. As for the second aspect, foreign scholars, in addition to focusing on the reasons for China's economic development, will also pay attention to some of the problems existing in China's current economic model. According to C. W. Kenneth Ken of Canada, when examining the issue of differences in regional development, it is necessary to consider not only the income level of the region, but also the size of its population; while Peter Nolan, Chairman of the Development Studies Committee of the University of Cambridge, UK, analyzes the issue from a more macroscopic level, and points out in his article "China at the Crossroads" that China's current economic model is faced with poverty and inequality, and environmental degradation, challenges posed by the global business revolution to Chinese enterprises, etc<sup>0</sup>.

## **3. Literature Review**

### **3.1. Summarize**

Through the analysis of the current situation of research at home and abroad, it is not difficult to find that foreign scholars for the economic development of China's western region of the research and analysis of some common ground, such as, Zhang Qian, Ren Baoping and Liu Yingkui and others have analyzed the problems and shortcomings of the western economy and based on this constructive proposals and specific countermeasures to research, but its focus is different, Zhang Qian and Ren Baoping focus on analyzing the development of digital economy in the western economy, while Liu Yingkui and others analyzed the development of open economy in the western region. Zhang Qian and Ren Baoping focus on analyzing the development of digital economy in the western economy, while Liu Yingkui and others analyze the development of open economy in the western region. At the same time, foreign scholars have some similarities in their analysis of China's economic development, such as Thomas Paley, Nicholas

Lardy, Ross Garnaut and others have analyzed the reasons for the development of China's economy; and CW Kenneth Ken, Peter Nolan and others have analyzed the problems existing in China's economic model.

### 3.2. Analyze

Against the background of strong downward pressure on the international economy and sustained and stable growth of the domestic economy, domestic and foreign scholars' analysis of China's economic development has helped to build a more complete economic system and improve China's economic influence in the world. However, due to the limitations of time and environment, the research of scholars at home and abroad cannot avoid some limitations and blindness, and cannot make a more comprehensive and comprehensive detailed discussion of China's economic development, and the suggestions and policies given are also relative.

### 3.3. Comment

How can we go beyond the limitations of economic development so as to better commit ourselves to increasing the international influence of our (western region's) economy in the world?

Our scholars have conducted in-depth research on the development of the western region's economy, and comprehensively pointed out that the western region's economic development has improved, but the quality of its development still exists a large gap compared with other developed regions of China, and that the economic development of the western region, including the digital economy, the open economy, and the rural collective economy, are subjected to the constraints of many factors and face a lot of problems. In the process of solving these problems, the western region can continuously optimize and improve the relevant aspects of the economic policy, increase the degree of attention; according to their own situation to formulate open-door policy; adhere to the scientific concept of development, and continuously optimize the pattern of industrial development.

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