

A Two-city Story¹

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Claremont, one of the eighty-eight cities of Los Angeles County, a subdivision of the State of California, has a population of 37780 (2009), with a size of 14.14 square miles, approximately 23 square kilometers. Population density is 1643/square kilometer. It has 1555 businesses with education as the top one for recruiting employees. For financial institutions, it is covered by Wells Fargo Bank, Community Commerce Bank, Citizens Business Bank, Chase, Bank of America, Pacific Western Bank, US Bank, Citibank, California Bank & Trust, Balboa Thrift & Loan, Lisa Banks – Toma (Google Map), almost all with beautiful internet website and internet businesses. The number of banks/land size ratio is 0.48/square kilometer, while the number of people served/per bank ratio at 3434/bank.

Yuanzhou District of Yichun, a municipal city of Jiangxi province of China, has a geographic size of 2532.36 square kilometers, with a population of 1.05 million (2010). Population density is 395/square kilometers. However, relatively residents concentrate in an urban area of 17.8 square kilometers.

Of the nine Administrative Streets³, under Yuanzhou Administrative District, which mainly constitutes the urban area of Yuanzhou, occupies 33.85 square kilometers, with a population of 254958. (Author's own calculation). Therefore, approximately the population density in urban area is 7532/square kilometer, about nineteen times of that of the overall Yuanzhou area and five times of that of Claremont.

In Xiujiang Administrative Street, where I was exactly born, consisting of eight residents communities, has a population size of 44415, a little bit more than that of Claremont, but with a geographic area of only 6.5 square kilometers, therefore with a population density of 6833/square kilometer. For financial institutions, searching around the Street Administrative Office on Baidu map, they look very crowded, around 55, mainly including the Industrial and Commerce Bank of China (ICBC), Agriculture Bank of China (ABC), China Construction Bank (CCB), Bank of China (BOC), and Rural Credit United Cooperatives. The number of banks/land size ratio is 8.5/square kilometer, while the number of people served/per bank ratio at 808/bank.

Whereas in the rural area, such as Hongtang Zhen (compatible to town), one of the fourteen towns under Yuanzhou Administrative District, it has a geographic area of 164 square kilometers, with a population of 53477, therefore with a population density of 326/square kilometer. Only four financial institutions are there: Post Savings, Rural Credit Cooperatives, Rural Credit United Cooperatives, and Jiaotong Bank. The number of banks/land size ratio is 0.024/square kilometer,

¹ The reason I choose Claremont and Yuanzhou is simple. Claremont is a city I visit as a Fulbright Scholar currently. Yuanzhou is a place I was born and left ever since to first have bachelor degree when I was 18. So the selection is somewhat at random. Although they are not compatible in many aspects, economists and policy makers can still see a lot from them. Data of Claremont is from <http://www.ci.claremont.ca.us/>; Data of Yuanzhou is from <http://baike.baidu.com/view/161268.html>.

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³ Lingquan, Xiujiang, Zhanlang, Zhuquan, Huacheng, Guanyuan, Fenghuang, Xiapu and Jinyuan.

while the number of people served/per bank ratio at 13369/bank. These data should be astonishing to every economist and politician.

This reminds us of an event that in November 2009, the Chairman of Agricultural Bank of China Mr. Xiang Junbo was awarded France's top rank Agricultural Meritorious Medal in view of the outstanding contribution made by Agricultural Bank of China in services for "Three Rural Issues" as well as poverty alleviation. Considering the investigated results the author present above, ⁴the author argues that if the ABC represents the intention of central government to improve rural financial situation, it has a long way to go. In addition, the effort that central government made to improve rural financial situation is definitely insufficient.⁵

Given the huge number of 19410 Zhens (towns), 13475 administrative villages (normally the lowest level of administrative region) and 6923 Administrative Streets in China nationwide (by the end of 2010)⁶, it is not difficult to conclude that Chinese financial services do not have a sensible geographic coverage. ⁷While financial service resources wasted in relatively fewer urban places, they are scarce to obtain in relatively more and larger rural places. Given the situation of Claremont and Yuanzhou, one can get a glance of the difference between the two cities concerning social and economic development.

⁴ These results are consistent with the facts that generally ABC extends branches to the level of county administrative area, instead of the larger subsector of town and village area. No wonder some ironic words do exist among residents that being located mainly in counties, ABC claimed to the nation that they are in rural, while to farmers they claimed they are in cities.

⁵ The argument can be extended to articles of pages from, for instance, Chinese first five-year plan (1953-1957).

⁶ "2010 Social Service Development Statistics Report", Ministry of Civil Affairs of People's Republic of China, <http://www.mca.gov.cn/article/zwgk/mzyw/201106/20110600161364.shtml>

⁷ Here the author emphasizes the critical role of the central government, because markets pursue money and profits.