

China` Development in the Past 30 Years

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I. Two Simple Things

1. Economic Reform

1) Central planning System

A. What should firms produce? Decided By central government on the base of demand

B. How to produce? By central government on the base of given (current) technology

C. For who to produce (society)

so ,government decided everything since it plays the role of representative of owner of property

I. Two Simple Things 1

2) Limitation or problem in the system

A. Nobody care the capital or capital accumulation but government

B. nobody care the quality of product but only quantity,

C. nobody care the price of product to cover the cost

I. Two Simple Things 1: Economic reform

3) Economic reform

A. The meaning of economic reform

that is institutional change or adjusting. That is institutional transition from central planning system to market economy

B. Law and regulation : becoming a society on the base of law.

I. Two Simple Things 1

- C. Private ownership, collective ownership and state ownership. By different entity
- D. Marketplace play key role in the allocation of resources, what to produce, how to produce, what for to produce depends on market in product market, capital and labor etc.
- E. Profit is the unique aim or goal on the base of market economy
- F. Government intervention or policy
- G. Efficiency and then equality

We could say this is a socialist market economy system with Chinese character.

I. Simple thing 2

openness to the world

2. Openness to the world

1) Labor division is right

2) Trade liberalization from trade planning (autarky) to freer trade

export depends on import; tariff rates decrease gradually

keep even in balance of payment

3) FDI only money or capital, not only capital but also enterprise management

II. Aim : Economic Development

1. Poverty is the cause to poverty

poor means no money to save, no money to invest, no money to innovate, no money to import advanced technology .

2. Development is simple theory(发展是硬道理)
time is money , efficiency is life .

Economic development is key problem for developing country ,even large developing country. Not only for China but also for India

II. Aim : Economic Development

3. Measures :

- 1) reform in economic reform from central planning system to socialist market economic system with Chinese characters;
- 2) Open door to the world
- 3) Criteria
industrialization from agricultural country to industrial country

III. History of Reform and Openness

1. Three stages in reform
 - 1) Breaking central planning system(1978—1991) ,dual track regime. Amount of Planned production must be produced and extra amount of production could be sold in the free market
 - 2) Mixture of economy(1992-2001) . Private enterprise or citizen enterprise play more and more important role in China. State owner enterprise play key important role in Economy, in contribution of value ,distribution of industry.

III. History of Reform and Openness

1. Three stages in reform

3) Market economic system (2002—present and future)

private enterprise play very important role in production, GDP, number of firms

III. History of Reform and Openness

2. Two stages for open door policy

- 1) first stage (1978—2000) Attract FDI and develop trade on the base of balance in import and export
- 2) second stage (2001—present) Speed up trade and attract FDI widely

IV. The Achievement

1. Economic development :
 - 1)GDP RMB24.66trillions (3 trillions us dollars)
 - 2)GDP per capital \$3000 (ppp) or more
fourth largest economy in the world
2. Economic growth rate: average rate is 9.8% annually, comparing 3% world average rate.

IV. The Achievement

3. Trade volume: more \$2170 billions import and export. Third largest country in the world
 4. FDI: \$760 billions (2007) second largest FDI inflow country.
- but China is still a developing country or large developing country.

V. Costs and Problems

Chinese pay a lot for these economic development.

1. Trade off between equality and efficiency
the higher efficiency the worse equality
2. Natural resource destroyed : local people just pay much attention to dig up without safety, prefer money to life of worker
3. Pollution : air pollution, water or fresh water pollution, land become desert (沙漠化) in grassland

V. Costs and Problems

4. Food security: quantity of demand and quantity of supply large demand than supply make firm use chemical spicy and other kind of ingredients.
5. Corruption in the different level of administration body and officer
we learn a lot from these.

VI. The Future

1. Continuing our reform and openness
2. Keep economic development
3. Science development, or on the base of science theory: thinking, investigation, discussion, decision-making, operation scientifically
4. law enforcement
5. Political system reform (we are doing research)



Thanks