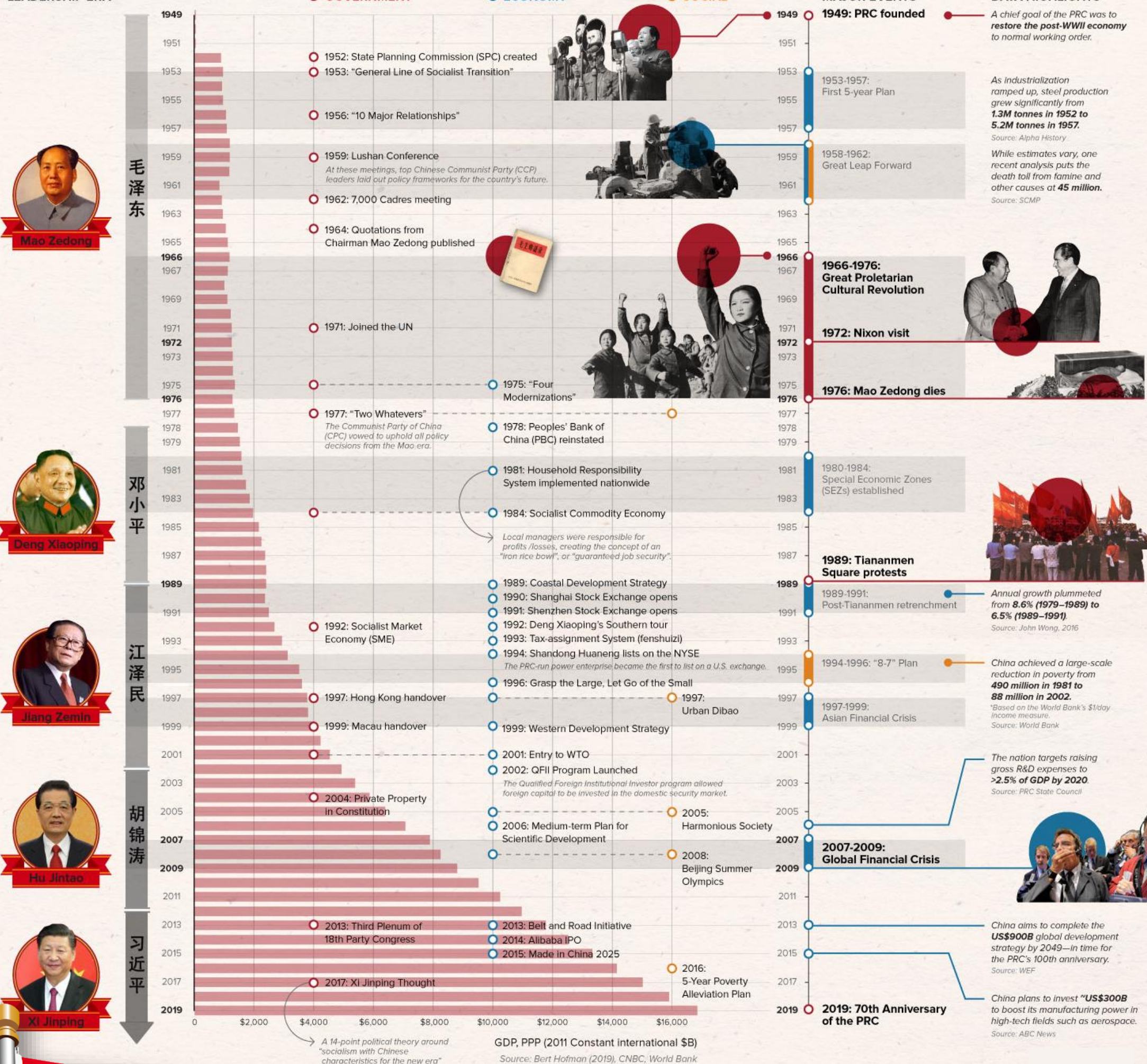


ECONOMIC DEVELOPMENT & POLICY IN THE PRC

LEADERSHIP ERA



In the 70 years from 1949, China's GDP per capita has increased more than tenfold. As a one-party communist (at least in governance) state, much of this is down to unique government policies both internally and on the global stage. Globalisation and de-industrialisation of many High-Income Western Countries initially set off this chain of growth.

LEARN HOW →

Tracking Growth:

Pictures courtesy of various authors. They show Shenzhen (a megacity in China) over time between 1970 and 2020, and the associated rapidly growth and development.



Post WWII - (1948 - 1976) The Mao Zedong Period

This was not a period of rapid development for China. Rather the predominantly rural population experienced a boom in numbers, to help them in the upcoming years.

A large amount of emphasis was placed on setting the foundation of China's later economic reforms, including the reorganisation of the founding communist party and a shift in industry towards a secondary manufacturing based economy.



(1976 - 1990) The Intermediate Period

In the late 1970s, the concept of true globalisation was taking off. China's role, both in policy (whereby the country was trying to attract as many foreign businesses as possible) and its strategic location, with a massive home market of rising wealth and convenient access to trade routes all around Asia and across the Pacific.

It was seen initially as a great location for TNCs to set up manufacturing plants, with a sizeable and highly cost-effective workforce. Where companies and factories were set up, much of the predominantly rural populous followed, and the beginnings of most of China's megacities were constructed.



(1990 - 2008) Into A New Century & Controversy

Many say that the 21st Century will be China's, much like the 20th was the US' and 19th Europe's.

By the end of 1999, China's GDP per Capita had already grown 4x since its inception, and showed no signs of slowing. Worldwide interest in this new superpower was growing, and so came increased scrutiny of China's business practices.

As a one party state, there was historically very tight control over who could do business within the country. Liberalisation of this in the Intermediate Period was seen as a massive success for China in the global economy, but as interest increased, China's government saw a particularly advantageous situation emerging.

They encouraged foreign companies to invest, provided they form 'partnerships' with Chinese firms, train and hire Chinese citizens. This led to allegations of industrial espionage, whereby workers with aid from local politicians and the state had stolen valuable business secrets and know-how from TNCs, before founding new Chinese native companies with higher operating margins, thus being able to produce similar products on the cheap and en mass.



(2008 +) Today's China - External Influence / Belt & Road Scheme

In the later noughties, China's economy was in full swing, weathering the financial crisis better than many others - even hosting the flamboyant 2008 Beijing Olympics,

Throughout these stages, the government has been ploughing hundreds of billions into new infrasture (railways, airports, ports, transport links etc.) to exert their dominance in East Asia.

New (and often controversial) Chinese companies such as Alibaba, Oppo, Huawei, SAIC and SINOPEC were rapidly becoming global leaders in secondary, but more recently tertiary and quaternary sectors, fed by increasing demand by China's domestic rapidly growing urban middle class. This has led to a huge positive multiplier effect on the national economy, with annual GDP growth hovering around 10%, up to 3x higher than in the USA.

In 2013 their most ambitious initiative, the 'Belt and Road Scheme' was innagurated, aiming to construct a huge transport network across 70 nations, paid for and constructed by Chinese firms and the government by 2049. Critics argue this will cement their external influence on gullible lower income countries, especially in Africa, leaving them permanently under China's increasingly authoritatian influence.



The Future - The Rise and Rise and Fall?

On the surface, the future of China's dominance looks set, but there are numerous issues the government has to deal with to keep rising their country as in the last 30 years.

For starters, their population has been stagnating, and much of their original manufacturing strength has been shifting to lower income countries such as India, Bangladesh and Indonesia. This has meant that they need to keep their investments and expansion worldwide running smoothly so as not to lose influence.

As with any higher income country (which they will become in the not too distant future), economic growth will slow down. Signs of this are emerging even in recent years (from over 10% to 6.5% in 2019.)

Finally, there have been issues with their global appearance, now deemed as a hostile state by many of the world's other large economies in Europe and the USA. President Donald Trump believes that the country has been 'cheating the rest of the world' for many years now, and his imposed tariffs aim to further curb their influence and growth.

Links:

WANT A GREAT CONCISE ARTICLE?

<https://www.theguardian.com/cities/ng-interactive/2018/jul/30/what-china-belt-road-initiative-silk-road-explainer>

^ The Guardian's Fantastic Belt & Road Initiative Interactive Overview, explaining the reasons for and challenges against such a mammoth project.

WANT MORE BACKGROUND INFORMATION ON CHINA'S INFLUENCES?

<https://www.ebrd.com/what-we-do/belt-and-road/overview.html>

^ A more unbiased view on the Belt & Road Initiative from the European Bank For Reconstruction & Development

<https://www.forbes.com/sites/wadeshepard/2019/10/03/what-china-is-really-up-to-in-africa/#1cbc514c5930>

^ A Forbes article on China's increasing influence in Africa, which is a very contentious issue of our modern time.

WANT TO UNDERSTAND HOW AND WHY THEIR ECONOMY WORKS AS IT DOES?

<https://www.tutor2u.net/economics/reference/china-economic-growth-and-development>

^ It is A-Level Economics (perish the thought!) but also a fantastic resource citing many important factors from this document

WANT TO KNOW BEST WHAT THE CHALLENGES WILL BE?

<https://www.youtube.com/watch?v=cUxw9Re-Z-E> // <https://www.youtube.com/watch?v=QyeBxcvUJIU> //

^ Parts 1 & 2 of a great DW documentary about China's external influences across Asia and Europe in the Belts and Road Initiative

<https://www.youtube.com/watch?v=b07eafPe7pY>

^ A good video debating whether China will be the real winners of the 2020 Coronavirus Crisis (currently ongoing as I type this)

Space For Notes If Printed: