

McCOMBS QUIZ BOWL

(Applause)

Today's Category

Economics in China

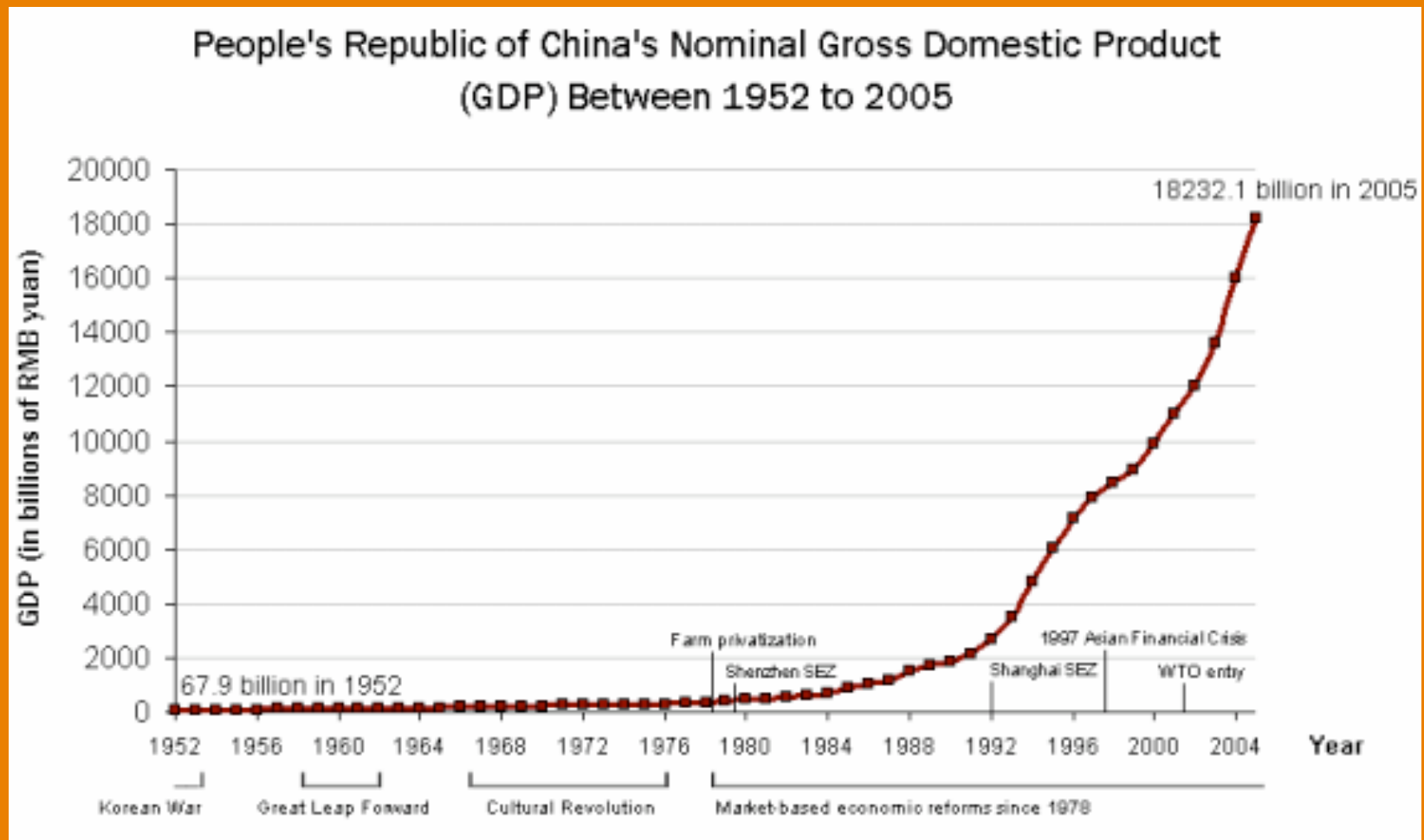


Q1:

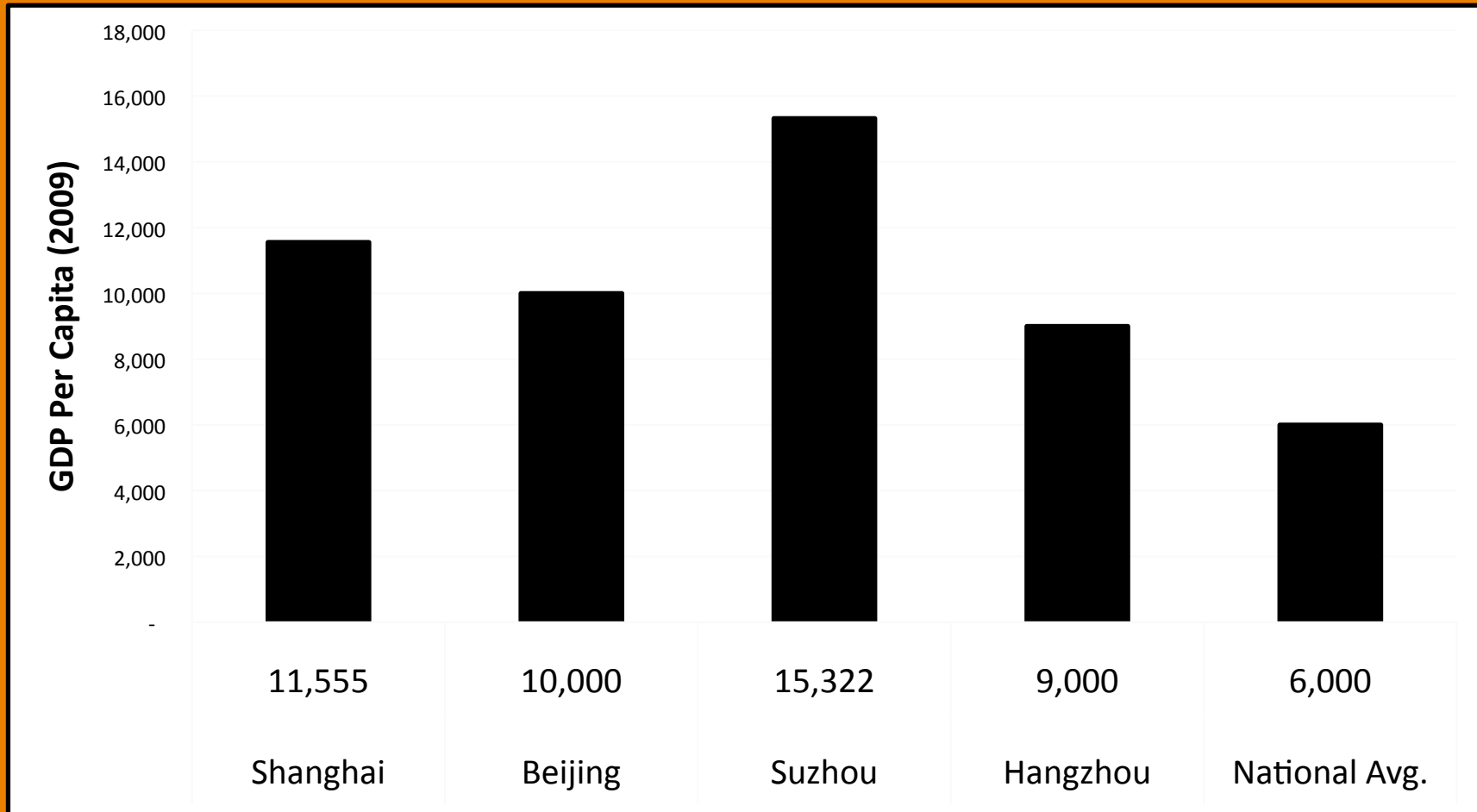
Following China's transformation in the late 1970s from a centrally planned economy to a more market-oriented system, the country's GDP has grown by what average annual rate? 📢

- A. 3%
- B. 6%
- C. 10%
- D. 17%

One of the fastest growing economies in the world



GDP Per Capita by City



Q2:

The World Bank estimates that there will be 700 million new members of the global middle class by 2030. How many of these will be in China? 🔔

- A. 175 million
- B. 225 million
- C. 300 million
- D. 350 million

Middle class lifestyle indicators

	2003	2004	2005	2006	2007
Consumer expenditure on food (US\$ million)	197,818	213,312	232,803	264,965	276,255
New registrations of passenger cars ('000)	1,972	2,326	2,603	2,761	
Consumer electronics (RMB million)	160,355	173,934	188,535	202,470	213,832
Dog and cat food (RMB million)	1,418	1,599	1,797	2,007	2,223

Source: Euromonitor

Households “making it rain”

FIGURE 47: China: Household consumer expenditure, 1997-2007

(RMB bn)

	Current prices	% change	Constant 2002 prices	% change
1997	3,692	+8.7	3,749	+4.5
1998	3,923	+6.3	3,971	+5.9
1999	4,192	+6.9	4,300	+8.3
2000	4,585	+9.4	4,670	+8.6
2001	4,921	+7.3	4,936	+5.7
2002	5,257	+6.8	5,257	+6.5
2003	5,683	+8.1	5,599	+6.5
2004	6,383	+12.3	6,013	+7.4
2005	7,122	+11.6	6,488	+7.9
2006	8,012	+12.5	7,092	+9.3
2007	9,332	+16.5	7,815	+10.2

[download into spreadsheet](#) | [create new graph](#)

Top 10 cities with highest disposable income per capita (2008)

1. Shenzhen
2. Dongguan
3. Zhuhai
4. Wenzhou
5. Guangzhou
6. Shanghai
7. Taizhou
8. Fuoshan
9. Ningbo
10. Zhongshan



Five out of the 10 cities are from Guangdong province (across from Hong Kong and Macau)!

NOTE: Beijing is not in the top 10.

Q3:

While China has experienced rapid economic development in the past two decades, inequality has also risen. What percentage of the population lives on less than \$2 per day? 🔔

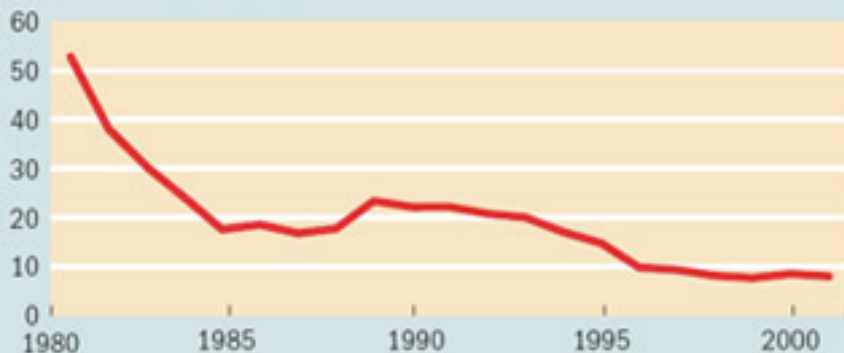
- A. 22%
- B. 36%
- C. 49%
- D. 57%

Millions lifted out of poverty, but...

Uneven progress

The percentage of the population in China living below the poverty line fell more in some periods than others during 1981-2001.

(percent below poverty line)

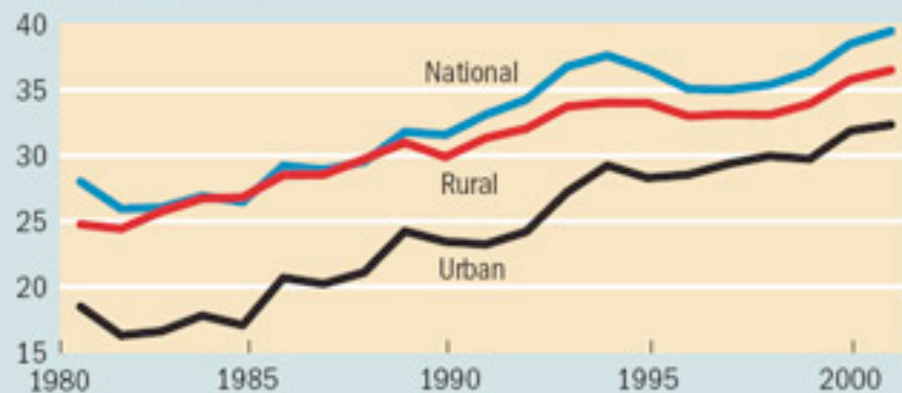


Source: Ravallion and Chen, 2004.

Rising inequality

The gap between rich and poor has risen in China, although more in urban areas than rural areas.

(Gini index¹; percent)



Source: Ravallion and Chen, 2004.

¹The Gini Index is a measure of income inequality within a population.

Coastal cities vs. Rural inland areas

中國收入差距 China's Income Disparity

China's economy continues to grow at a phenomenal rate - 9.5% in 2004. However, while urban residents and government and party officials have largely benefited from economic growth, for most people it has passed them by. A closer look at the data (see below) indicates the existence of great disparities within the Chinese economy: particularly between the coast and the interior, economic sectors, and the Han Chinese and other ethnic populations.

Income disparity in China is one of the highest in the world. Average incomes in Shanghai (\$4,021), Hong Kong (\$23,799), and other coastal provinces are growing. However, 800 million people (nearly 60% of the population) still live in the countryside and earn less than \$1 a day, and most are engaged in primary economic activities. In Guizhou, a small, mountainous province in China's remote southwest, these rural peasants earn only \$250 per year. In nearby Tibet and Yunnan, 70% or more of the population is still engaged in subsistence agriculture or traditional nomadic activities.

Such "rural backwardness" clearly worries China's leaders who fear that increasing social unrest could undermine Communist rule. These concerns were high on the agenda at the recent National People's Congress, and the creation of a "harmonious society" was officially declared a top party priority last September. However, despite land reforms and an increase in financial assistance to rural areas, China's strategy continues to focus on boosting urban economic development in the hope that this will create better paying jobs in the future for rural workers.

Province	Population (10,000s)	GDP (Billions)	Per Capita GDP	Per Capita GDP by Sector	% Employed by Sector	Unemployed*			
			Primary	Secondary	Tertiary				
Anhui	6,333	\$43.12	\$680	\$480	\$3,786	\$1,726	87%	25%	48%
Beijing	1,423	\$38.83	\$2,728	\$1,747	\$8,675	\$4,881	8%	31%	61%
Fujian	3,466	\$56.57	\$1,632	\$1,050	\$5,851	\$4,485	40%	20%	29%
Gansu	2,983	\$14.83	\$501	\$347	\$3,876	\$1,881	80%	13%	27%
Guangdong	7,859	\$142.20	\$1,820	\$1,784	\$6,348	\$4,348	48%	24%	30%
Guangxi	4,822	\$29.87	\$619	\$487	\$3,964	\$1,836	61%	10%	29%
Guizhou	3,837	\$14.32	\$373	\$230	\$2,813	\$989	88%	9%	25%
Henan	863	\$7.96	\$920	\$1,347	\$4,831	\$2,334	65%	30%	37%
Hebei	6,795	\$73.97	\$1,089	\$666	\$4,370	\$3,073	48%	28%	30%
Heilongjiang	3,813	\$46.96	\$1,232	\$666	\$7,742	\$3,207	69%	21%	29%
Hubei	5,613	\$74.53	\$1,327	\$457	\$3,436	\$2,167	62%	16%	29%
Hunan	4,776	\$78.52	\$1,664	\$4,488	\$46,224	\$13,328	1%	18%	81%
Hong Kong	5,968	\$60.12	\$10,054	\$713	\$6,607	\$2,384	47%	18%	31%
Hubei	6,629	\$52.45	\$779	\$502	\$3,964	\$2,368	19%	28%	48%
Hubei	2,178	\$20.95	\$961	\$656	\$4,614	\$2,828	18%	19%	38%
Inner Mongolia	7,381	\$72.45	\$1,742	\$819	\$6,214	\$4,548	29%	31%	33%
Jiangsu	4,222	\$29.81	\$701	\$646	\$3,719	\$1,757	61%	16%	33%
Jilin	2,669	\$27.14	\$1,016	\$1,028	\$5,713	\$2,818	48%	17%	30%
Liaoning	4,203	\$65.55	\$1,560	\$1,029	\$6,979	\$3,913	38%	30%	36%
Macau	44	\$6.20	\$14,329	N/A	\$14,787	\$27,454	0%	28%	71%
Ningxia	472	\$3.88	\$820	\$419	\$3,239	\$2,138	88%	10%	25%
Qinghai	520	\$4.72	\$770	\$389	\$3,487	\$2,328	94%	14%	32%
Shaanxi	3,674	\$24.80	\$673	\$368	\$3,628	\$1,738	64%	18%	30%
Shandong	9,182	\$127.49	\$1,389	\$736	\$5,217	\$3,917	50%	20%	48%
Shanghai	1,624	\$65.55	\$4,039	\$1,266	\$10,126	\$5,448	11%	41%	47%
Shandong	3,254	\$24.38	\$740	\$361	\$3,770	\$2,184	47%	28%	29%
Sichuan**	11,780	\$62.72	\$533	\$430	\$3,470	\$1,874	87%	16%	49%
Tianjin	2,252	\$38.60	\$1,714	\$745	\$5,812	\$2,764	8%	37%	48%
Tianjin	1,607	\$24.78	\$2,481	\$1,245	\$7,800	\$7,000	20%	30%	41%
Tibet	287	\$1.56	\$543	\$636	\$4,873	\$3,430	79%	8%	24%
Yunnan	1,906	\$19.21	\$1,004	\$541	\$3,478	\$2,832	84%	14%	30%
Yunnan	4,333	\$26.87	\$620	\$331	\$3,570	\$2,327	73%	9%	19%
Zhejiang	4,647	\$84.16	\$1,810	\$887	\$4,878	\$4,027	33%	34%	33%
TOTAL	130,453	\$1,882.28	\$1,443	\$679	\$4,821	\$4,654	48%	22%	30%

* Difference between total population and total employed, includes unemployed as well as very young and elderly (child) cohorts.
** Data for Sichuan Province also include Chongqing Municipality.

Source: China Bureau of Statistics, 2004; The New York Times, 4 August 2004; The Economist, 18 March and 4 April 2003; China Economic Geography, Harshad B. Desai, University of Texas, Austin, 1999; China's Economic Geography, Harshad B. Desai, University of Texas, Austin, 1999; China's Economic Geography, Harshad B. Desai, University of Texas, Austin, 1999.



Despite development, primary industries continue to dominate much of China's economic life. Low paying subsistence agriculture and traditional nomadic activities continue to define the economy. Due to their isolation and lack of infrastructure, provinces in the southwest and much of the interior of China remain largely undeveloped.

Easy access to markets, cheap labor, and well developed infrastructure and transportation networks have fueled industrial development and foreign investment in China's coastal region. Textile and other manufacturing jobs centered around Shanghai and Hong Kong are slowly expanding into nearby provinces.


International trade, finance, insurance and construction services drive the economies of Hong Kong, Macao, and Taiwan. As China develops, service industries are increasingly playing a greater role in Shanghai, Beijing and Tianjin, as well as the surrounding provinces.

Xinjiang's extraordinary economic surge in recent years has been driven by the increased development of oil resources in the Taklamakan Desert in response to China's surging energy demands. In recent years, Beijing has also poured over \$4 billion toward infrastructure development. However, high pay manufacturing and service industry jobs are largely dominated by the growing Han Chinese population while the native Uighur and other ethnic groups are left to traditional subsistence agriculture and nomadic pastoralism.

Led by Shanghai and Hong Kong, the coastal region is China's industrial engine. Easy access to global markets and cheap labor draw foreign capital and drive development, but at a cost. Corruption, pollution, and the growing gap between rich and poor are creating increased social tensions. Anti-pollution demonstrations in Zhejiang recently forced violent urban police clashes with over 68,000 protesters, many elderly.

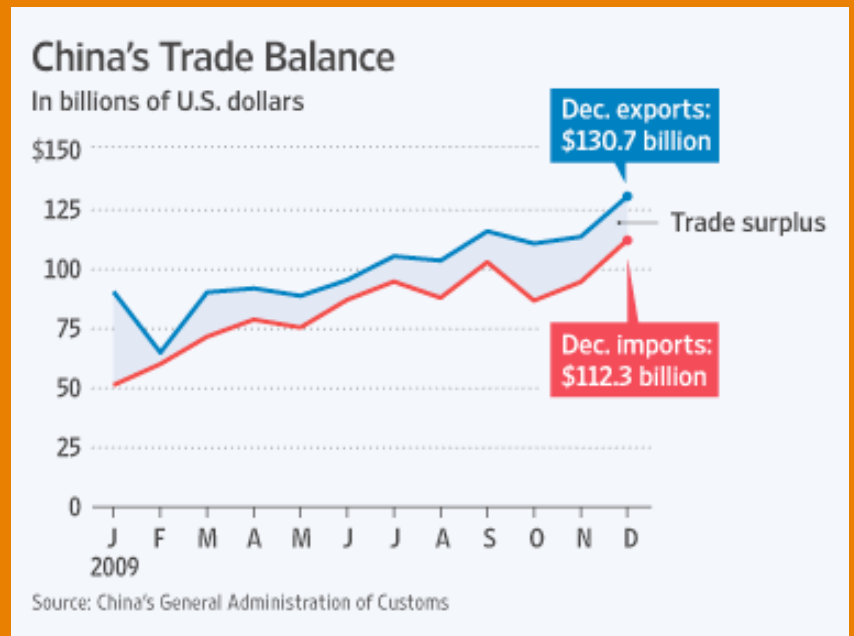
Long considered a "paradise" province by the government in Beijing, Taiwan's economic growth has long been a model for development on the mainland. However, calls for independence and an increasingly belated move from Beijing could destabilize Taiwan's land Chinese economy and the entire region.

Q4:

To become less reliant on export-led growth, the Chinese government is trying to boost domestic demand. However, this is difficult because of China's high savings rate, which is: 

- A. 30%
- B. 40%
- C. 50%
- D. 60%

Shipping Out



Q5:

What is the best-selling car in China?



- A. BYD F3 (China) \$14,600
- B. Chery QQ (China) \$3,600
- C. Volkswagen Jetta \$15,000
- D. Honda Accord \$30,000



Top 10 Best-Selling Cars in China

1. BYD F3 (China)
2. Buick Excelle (GM-Shanghai JV)
3. Hyundai Elantra
4. Volkswagen Jetta
5. Santana (Shanghai-Volkswagen JV)
6. Honda Accord
7. Hyundai Sonata
8. Chery QQ (China)
9. Toyota Corolla
10. Toyota Camry

Growing demand for vehicles

- There were more than 13 million cars sold in China in 2009.
- China has overtaken the U.S. as the world's No. 1 auto market



Q6:

How many tourists visited
China in 2009? 

- A. 2 million
- B. 12 million
- C. 22 million
- D. 52 million

More Tourists to China

- 21,937,500 foreigners visited China in 2009.
- Tourism counts for 7% of GDP and is expected to increase to 11% by 2020.
- Top 5 countries
 1. Japan 3,317,000
 2. Korea 3,197,500
 3. Russia 1,743,000
 4. U.S.A 1,709,800
 5. Malaysia 1,059,000

China's Top 10 Tourist Attractions

1. The Great Wall
2. The Forbidden City
3. The Terracotta Warriors
4. The Bund, Shanghai
5. Li River Guilin & Yangshuo
6. The Yangtze River and the Three Gorges Dam
7. Jiuzhaigou
8. Potala Palace, Lhasa
9. Yellow Mountain
10. Modernity in Hong Kong