ECONOMIC BALANCING

China remains committed to its development goals

With the world’s attention focused on China’s battle against the novel coronavirus outbreak and the possible economic repercussions of the epidemic, an important milestone has tended to be overlooked. China’s per capita gross domestic product surpassed the $10,000 landmark last year, the National Bureau of Statistics said on January 17. In 2019, the GDP totaled $14.38 trillion, showing the long distance it has traveled in recent decades. In 1978, when China adopted its reform and opening-up policy, the figure was $149.5 billion, accounting for just 1.8 percent of the global economy. The per capita GDP stood at $156, much lower than the average in even the least developed countries south of the Sahara, which was $490. While the epidemic, resulting in tens of thousands of infections, has taken a toll given the solid foundation of the Chinese economy, the impact will be short-lived. It is unlikely to derailed China’s efforts to pursue development of a higher standard.

Workers make protective clothing for novel coronavirus control at a factory in Hebei province, north China, on February 10.

World Factory
In the past four decades, the average annual growth rate of China’s GDP reached 9.5 percent. The rapid growth is a miracle in global economic history and a significant driver of global growth. The once relatively isolated nation has stepped into a new and open era, with its closed and planned economy replaced by an open market economy. Hundreds of millions of people have moved out of poverty, a feat that took developed countries several centuries.

Prior to that, though a basic industrial system had been established, China’s industrialization was not running at full steam. Its modern manufacturing industry grew slowly, as most of the rural surplus labor force hadn’t migrated to industry yet. The reform and opening-up policy spurred a dramatic change. Resources and markets both at home and abroad were given full play. China has since deeply integrated into the global production chain and shared the benefits of globalization. Today, it has the world’s most sophisticated industrial system. Also, it’s the world’s leading trading nation, offering quality and comparatively priced manufacturing products to consumers worldwide and creating enormous wealth for its citizens. The large population is key to economic development. At the early stage of reform and opening up, the inflow of migrant workers into cities led to the vigorous development of labor-intensive industries. They processed orders from other countries and regions, making China a world factory.

In early February, after an extended Spring Festival holiday with virus prevention measures in place, the government called on companies to resume production while following safety measures to restore normality and minimize the impact on supply chains.

Hurdles to Overcome
As for the $10,000 landmark, the celebrations should not forget the fact that the improved per capita GDP still lies a little over the middle of the global rankings. Now China’s growth rate is slowing down due to the transition to quality development from fast growth, and the future will see uncertainties because of complicated changes both at home and abroad.

Despite China crossing the milestone and ranking 81st among 199 economies, its per capita GDP is still lower than the world average of $11,300. Some comparisons will make the situation clearer. For instance, the per capita GDP of Argentina, a developing country that went through a severe economic crisis in recent years, reached $11,700, ranking 70th. Malaysia, which suffered from economic recession and receiving assistance from China, ranked 72nd with a per capita GDP of $11,400. Russia’s per capita GDP, despite oil market shocks and sanctions, was around the world average and ranked 73rd. The per capita GDP readings of several other developing countries, such as Chile, Poland, Kazakhstan and Equatorial Guinea were higher than China’s. So China still has a long way to go.

The Chinese economy has entered a new normal. In 2015, the GDP growth rate entered the 6 percent era with a reading of 6.9 percent. Three years later, it decreased to 6.6 percent. In 2019, the figure was 6.1 percent, and in the future that number may fluctuate around 6 percent. With China’s economic growth slowing down, so will the speed of its rise in the global per capita GDP ranking.

However, China has realized that the quality of development is much more important than the growth rate and rankings. While rapid economic growth has greatly improved people’s living standards, it has also created some serious problems. Many provinces gained rapid GDP growth by overexploiting natural resources, consequently causing severe damage to the environment. Also, the dividends of reform and opening up didn’t percolate sufficiently to some disadvantaged groups, leading to an unfair distribution of income and a widening gap between the rich and the poor, which impeded social harmony. In addition, China has yet to offer high-quality public services, including medical care, education and elderly care, to all citizens.

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A farmer signs his name to get his dividends from a rural cooperative in Nanchang, Jiangxi province, in east China, on January 16.