

The Verification of Selected Factors of China's Economic Development in Period 1981 - 2006

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CHINESE BOOM

MADE IN CHINA



1. Ordinary goods

2. Specific goods

3. Imitations



1. Exploring space by their own rockets

2. Buying oil deposits all over the world

3. Making contracts with Saudi Arabian and Russian oil and gas companies

What factors caused such economic development?

1. Geopolitical

2. Demographic

3. Geocultural

4. Political-economic

1. GEOPOLITICAL FACTORS

- 1949 – People´s Republic of China,
- Communist Party, Mao Zedong,
- „The Great Leap Forward“,
- „Cultural Revolution“,
- Deng Xiaoping ´s reforms – **„It does not matter it is a black cat or a white cat, as soon as it catches mice.“**
- 21st century – from anti-capitalism to pro-capitalism

2. DEMOGRAPHIC FACTORS

Population

- China – the world's most populous state
- 1.3 bn inhabitants (The Chinese statistics)
- 1.5 bn inhabitants (The World Bank)
- 0.2 bn inhabitants – not registered
- Tab.1 Development of Chinese population in 1981-2006

year	1981	1985	1990	1995	2000	2006
Popul. (billion)	0.987	1.058	1.143	1.211	1.267	1.302

Labour force

- China – 798 mil. (81,1%)
- EU - 222 mil. (49,3 %)
- Japan - 65 mil (61,7 %)

- Economic growth of cities under the influence of migration: rural-to-urban migration

3. GEOCULTURAL FACTORS

- Typical qualities of labour force:
- reliable, disciplined, capable to work hard, flexible, imitate originals perfectly.
- Price of labour force: 25-45 cents per hour; cheaper than European, American, Australian LF.
- A different impact of economic reforms on men and women

The words of a young miner from north-eastern China illustrate such difficult working and living conditions:

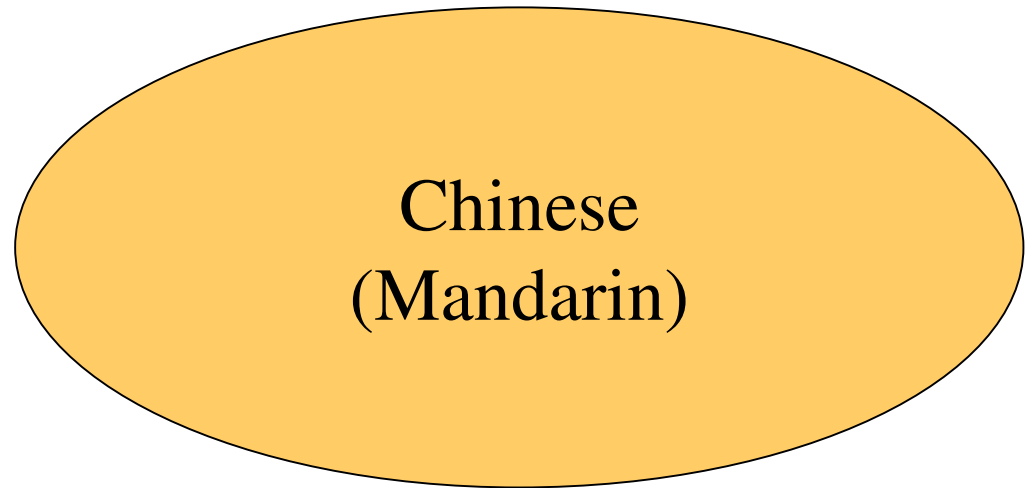
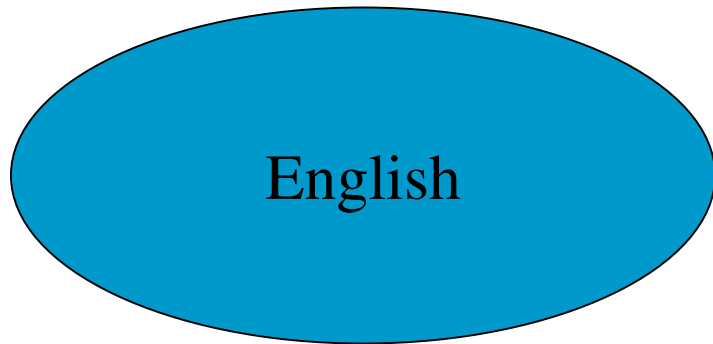
- “High up on a steep heap, I search for usable pieces of coal. I have to jump away from falling rocks and avoid hot coal smoking from underneath. I have spent almost a half of my life, from the age of twelve to the age of twenty-two, in the dark coal mines in Chi-tchaj-che, where I have been carrying out one of the most dangerous jobs in the world. However, I cannot afford to buy coal, which I need especially in the winter months, when the temperature can fall to -28°C . This is why I climb the heap with my wife after work to find coal. We survive on potatoes, maize mush and cabbage. We eat meat only twice a year.”

Position of men and women in Chinese society

FACTOR	MEN	WOMEN
age	15 - 40 y.	15 - 24 y.
marital status	married	single
migration	2/3	1/3
religion	Confucianism	“virtuous”, feminization in agriculture (60 % of agr. works)
works as	construction workers, porters, manual labourers	seamstresses, waitress, chambermaids, domestic servants
income	100 %	30 %

Migrants do not choose jobs, but jobs choose the migrants

Languages



4. POLITICAL – ECONOMIC FACTORS

- After WW II – centrally planned economy,
- 1980 – „household responsibility system“
- 1984 – 99 % households participated in this system
- step-by-step adjustments – market economy sings
- Chinese Price – the lowest productive and market price
- Mediators – Hong Kong, Taiwan, Singapore, Macao

5. CHINA´S POSSITION

Tab. 2 Indicators of GDP in selected states (2006)

state	GDP (market price in USD)	GDP (purchasing power parity in USD)	GDP (actual increase in %)	GDP (PPP in USD per person)
USA	13.22 trillion	12.98 trillion	3.2	43 500
Japan	4.91 trilion	4.22 trillion	2.8	33 100
Germany	2.81 trillion	2.50 trillion	2.2	31 400
China	2.50 trillion	10.00 trillion	10.5	7 600
Czech rep.	118.9 billion	221.4 billion	6.2	21 600
Slovakia	46.9 billion	96.35 billion	6.4	17 700 ₁₂

- CIA World Fact Book: GDP in China 6.6 trillion USD (in 2006)
- 1. USA
- 2. China

Economic development does not necessarily depend on a democratic form of government

CONCLUSIONS

- **1. Population** – threatened its economic prosperity,
- Most important factor of the Chinese economy.
- **2. Rural-to-urban migration** – growth of population density in costal areas (1941: 9.1% (49 mil) – 2006: 41,8% (535 mil)).
- **3. NE provinces** – capital from Russian and Japanese entrepreneurs.
- **4. 21st. century** – investments from EU and USA.
- **5. 90 % companies were privately owned.**
- **6. Foreign companies** controlled 50 % of the Chinese trade

- **7. Chinese identity** – the Chinese are those who have the same race, blood, culture
- Cultural identity makes easier the expansion of economic relations;
- „home network“ – family and personal relations = economic growth;
- **8. Growth triangles, „Shanghai Five“**
- **9. October 1st, 2007** – law will come in effect: public and private ownerships are equal

Thank you for your attention.

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