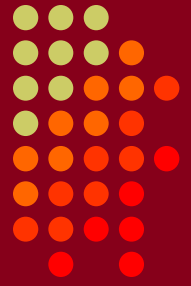


# The Rise of China



## I. The 'Communist Era'

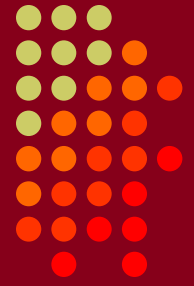
### A. Maoist Rule

### B. Deng and Economic Reform

## II. China's Growth Model

## III. The New Superpower?





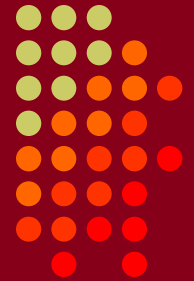
# I. The 'Communist Era' – Maoist Rule

- Victory in the Civil War
- Stalinist Central Planning
- The Great Leap Forward (1957)
  - 30 million die
- The Cultural Revolution (1966-76)
  - 3 million killed; millions more persecuted
- Mao's Overall Record
  - Poverty and Starvation
  - Social and Political Chaos

**Mao's shining light  
trashes the economy...**



# I. The 'Communist Era' – Deng and Economic Reform



- Mao's Death in 1976
  - Elimination of the old guard (the 'Gang of Four')
- Deng Xiaoping Rises to Power
- Economic Reforms
  - Special Economic Zones (SEZs)
  - Opening to Foreign Investment
- Tiananmen Square (1989)
  - Implicit post-Tiananmen political bargain

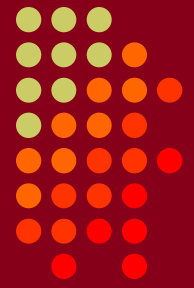
...Deng sets the economy free  
(but not the people)

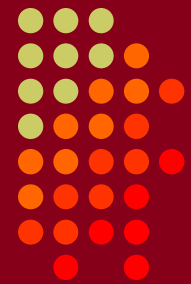


## II. China's Growth Model

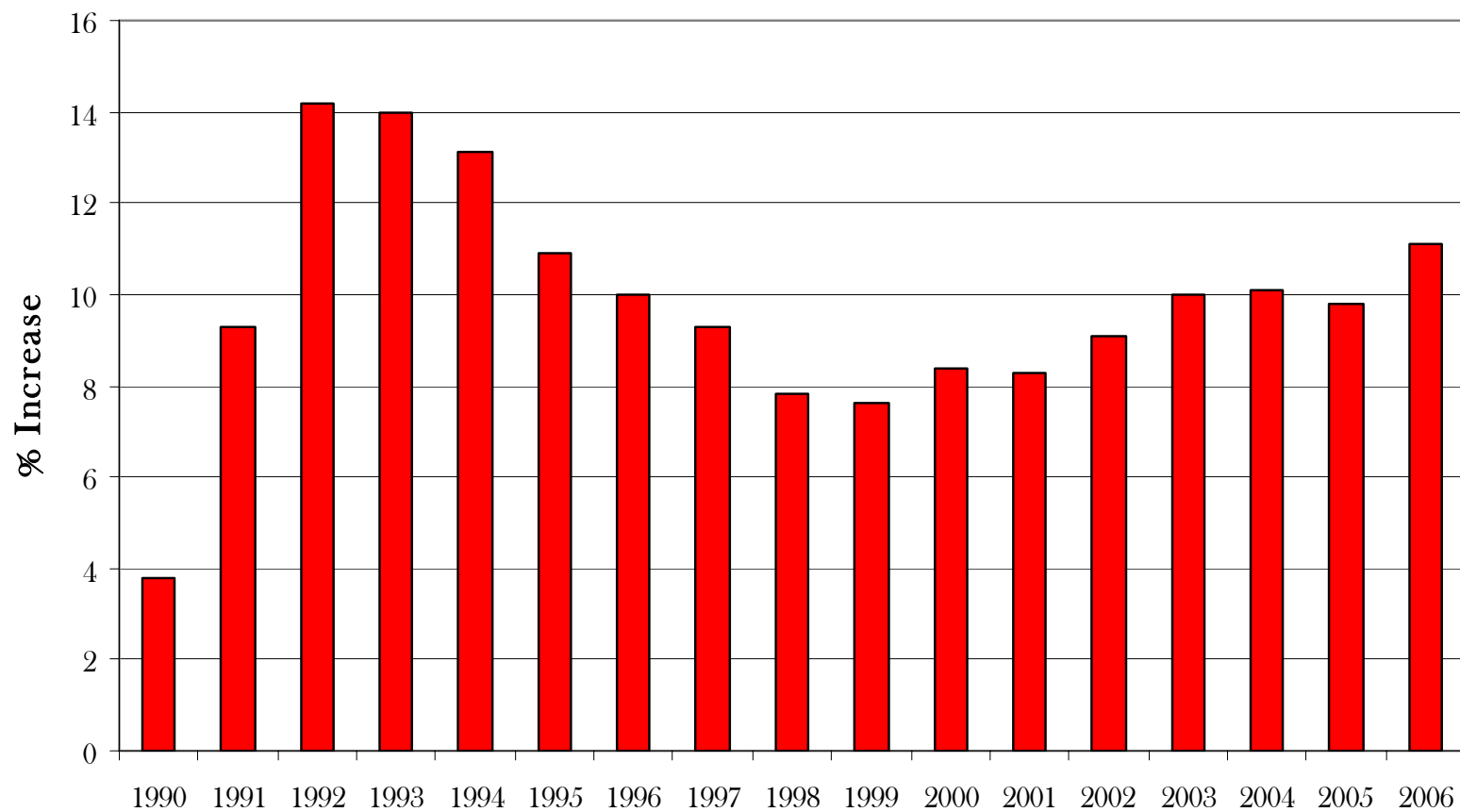
- Rapid and Sustained Growth via Exports
- Foreign Investment – Technology
- “Assembler of the World”
- State-Owned Enterprises (SOEs)
- Financial System
- Party Control and Corruption
- Regional and Social Effects of Development
- Environment

“So it's agreed;  
we keep growing”

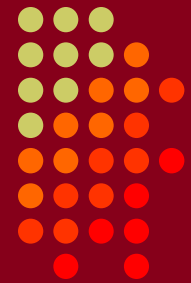




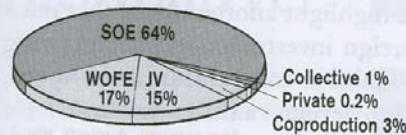
## China's GDP Growth, 1990-2006



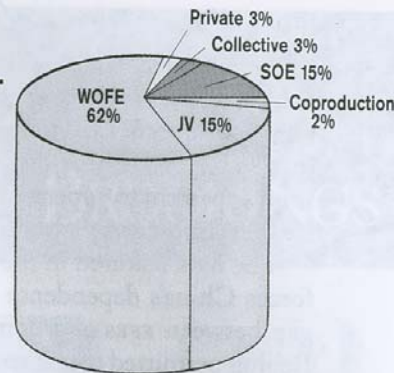
Source: Congressional Research Service



### Industrial Machinery Exports

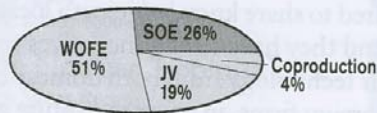


1993: \$4.2 billion

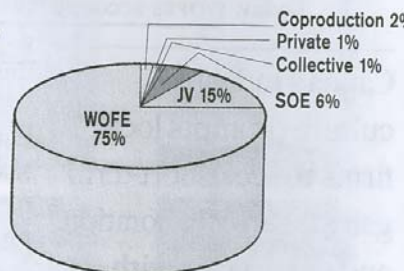


2003: \$83 billion

### Computers, Components, and Peripherals Exports

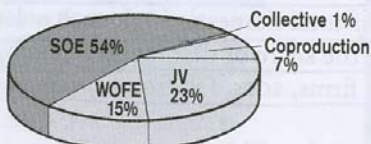


1993: \$0.7 billion

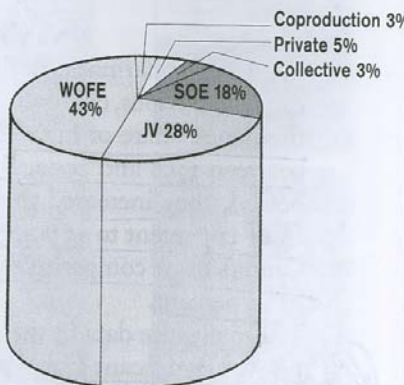


2003: \$41 billion

### Electronics and Telecommunications Equipment Exports



1993: \$12.3 billion



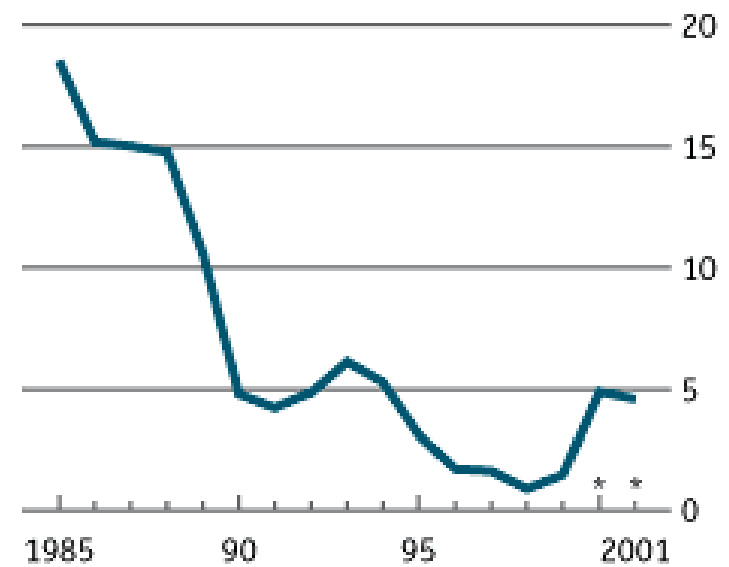
2003: \$89 billion

FFE = foreign-funded enterprises  
 WOFE = wholly owned foreign enterprises  
 JV = joint ventures  
 SOE = state-owned enterprises  
 Collectives  
 Coproduction

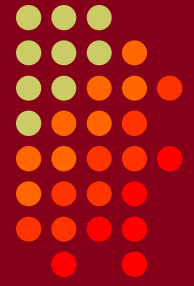
SOURCE: Customs General Administration, People's Republic of China

## A sorry state

Return on net assets of industrial SOEs, %

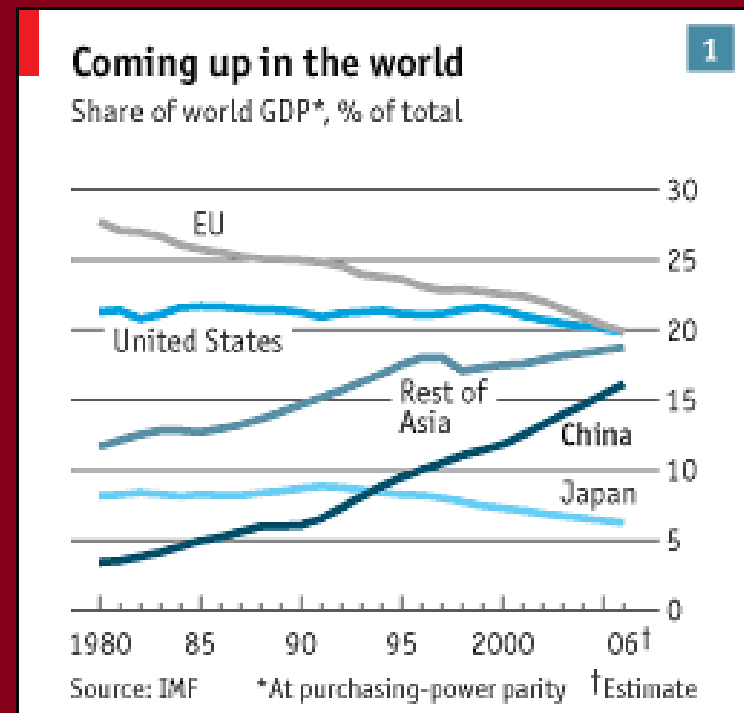


Sources: OECD; Finance Yearbook of China 2002 \*All SOEs



# III. The New Superpower?

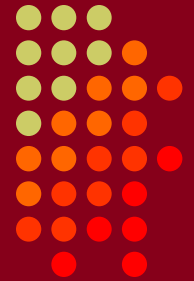
- A 'peaceful rise'?
- Economic Potential
- Military Strength
- Political and Diplomatic Initiatives

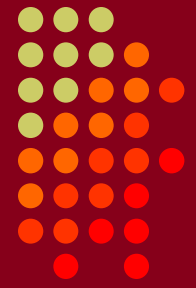


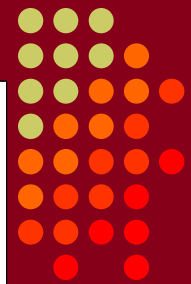
# US-China Economic Statistics

**Trade Deficit  
with China =  
-\$232 billion  
(2006)**

	<b>CHINA</b>	<b>UNITED STATES</b>
<b>Population (2003)</b>	1.3 billion	301 million
<b>Military (Size)</b>	2.2 million	1.4 million
<b>Military (\$ 2006)</b>	\$45-\$125 billion	\$553 billion
<b>GDP (Total)</b>	\$10.21 trillion	\$13.06 trillion
<b>GDP (per capita)</b>	\$7,800	\$43,800
<b>Growth (2006)</b>	11.1%	2.9%
<b>Labor Force</b>		
<b>Agriculture</b>	45%	0.9%
<b>Manufacturing</b>	24%	20.47%
<b>Services</b>	31%	78.6%
<b>Major Export Partners</b>	US (21.0%) Hong Kong (16.0%) Japan (9.5%) South Korea (4.6%) Germany (4.2%)	Canada (22.2%) Mexico (12.9%) Japan (5.8%) China (5.3%) United Kingdom (4.4%)
<b>Major Import Partners</b>	Japan (14.6%) South Korea (11.3%) <b>[Taiwan (11.2%)]</b> United States (7.5%) Germany (4.8%)	Canada (16.0%) China (15.9%) Mexico (10.4%) Japan (7.9%) Germany (4.8%)







## PGE Exam #2 (Fall 2007)

