

Full Length Research Paper

Economic miracle in China

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Accepted 19 June, 2013

It has been 30 years since the reform and opening policy in 1978 in China. During the past 30 years, China has created an economic miracle with its rapidly developing economy, sharply expanding foreign trade and constantly improving living standard and all-time strong overall national strength.

Key words: China, economic miracle, reform, opening policy.

INTRODUCTION

China has conducted its reform and opening policy for 30 years since 1978. In the past 30 years, China has become the fourth largest economy, the third largest trading nation, the second largest exporting nation; it has created the greatest foreign exchange reserves, drawn the most foreign investment among developing nations and achieved the most rapid economic growth among large nations. All of these have proved China's dramatic achievements during this period.

Rapid growth in China's economy

With an average annual GDP growth of 10% (Figure 1), China has actually created a miracle among large nations. With the factor of price fluctuation taken away, China's total GDP has actually expanded by 12 times in 30 years. In 2008, China has become the third largest economy in the world.

Outstanding achievements in foreign trade and foreign exchange reserves

In the past 30 years, China has made every effort to promote its foreign trade, create favorable atmosphere

for direct foreign investment, enhance its participation in global economy in all aspects and to promote the development of global economy.

Compared with its foreign exchange reserve balance of \$200,000,000 in 1978, China became the first with its foreign exchange reserves of \$1,000,000,000,000 in 2006 and up to 2007 it has reached up to \$1,530,000,000,000, which is 7650 times of that in 1978. As for the total of imports and exports (Figures 2,3 4), it used to be only \$35,500,000,000 in 1978, exceeded \$1,000,000,000,000 in 2005 and has gone beyond \$2,100,000,000,000 up to 2007, which is 61 times of that in 1978. In the aspect of trade deficit, it was \$2,000,000,000 in 1978 and did not become surplus until 1990 with the value of \$8,700,000,000 and has come to \$262,200,000,000 in 2007, which is 30 times of that in 1990. Now China has the largest trade surplus among all nations.

Great achievements in industry

Currently, China has got to the top rank all over the world in the production of some important agricultural products. To be more specific, in addition to the greatest production of grain, meat, cotton, peanut, rapeseed, tea-leaf, fruits

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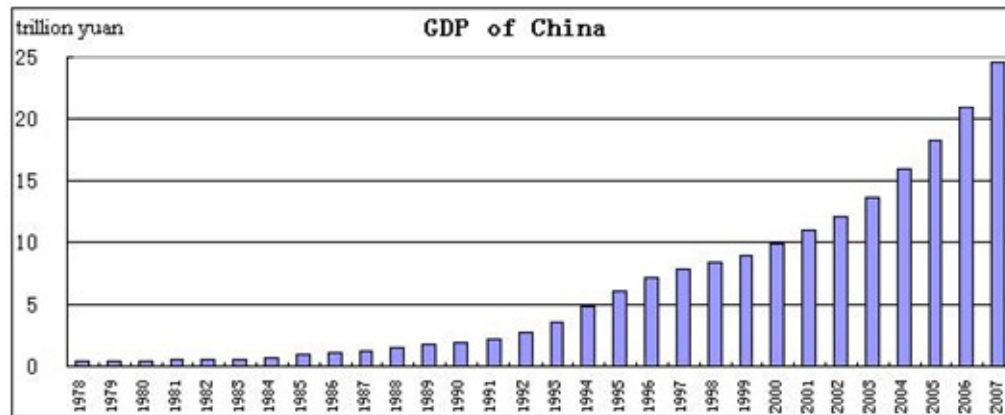


Figure 1. The changes in GDP of China from 1978 to 2007.

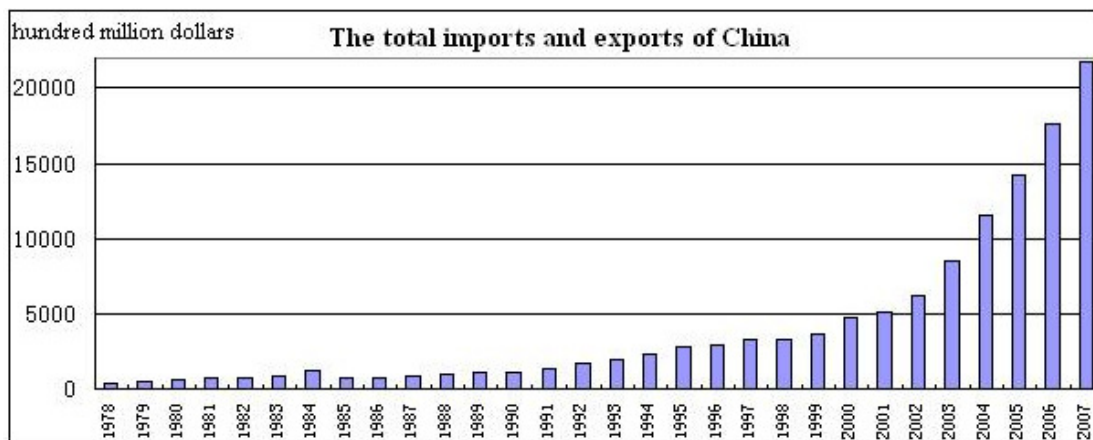


Figure 2. The changes in the total imports and exports of China.



Figure 3. The changes in foreign exchange reserve balance of China.

and so on in the whole world, China is the largest aquatic product breeding nation with its 35% proportion in the

world's total output in which its total breeding accounts for two thirds of the world's total. China is also the largest

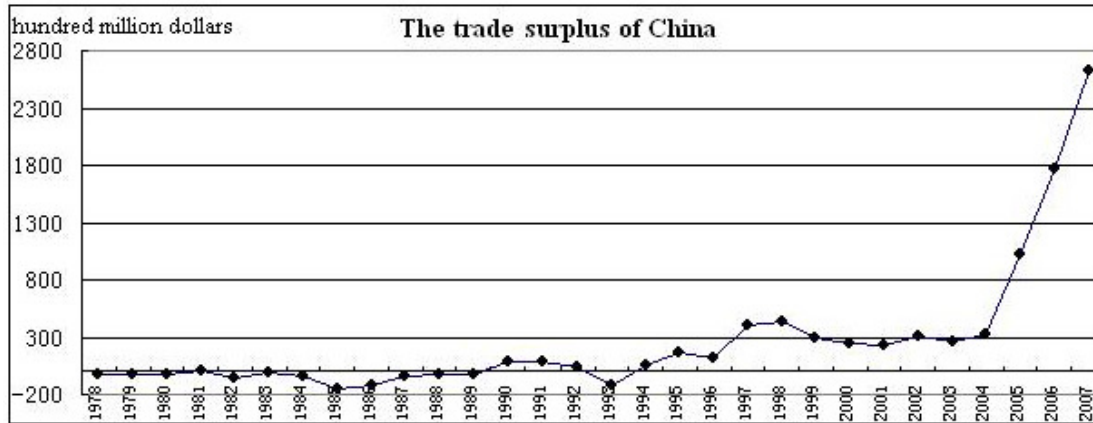


Figure 4. The figure of the changes in the trade surplus of China.



Figure 5. Refrigerator output of China.

nation in pork production and consumption, with its annual production accounting for half of the world's total. Besides, over the past 30 years, China's grain output has increased by 1.6 times; cotton output by 3.5 times; pork, beef and mutton by 7.8 times and milk output by 41 times.

China's production of some major industrial products, such as steel, coal, cement, chemical fertilizer, cotton, and sugar, has leaped to the first place in the world, and its total generating capacity has ranked second in the world. Its crude steel output is the first in the world, even more than the total of the second to the eighth largest nations, accounting for 36.4% of the world's total. Besides, over the past 30 years, its crude oil output has increased by 1.8 times; crude coal output by 4 times; its generating capacity by 12.6 times; steel and iron output by 15.4 times; cement output by 21 times; automobiles by 60 times; household refrigerators by 1570 times; color TVs by 22,000 times; household washing machines by 60,000 times and that of air-conditioners by 400,000

times (Figures 5-10).

THE VIGOROUS DEVELOPMENT IN LOGISTICS, TELECOMMUNICATION AND TOURISM

Nowadays, China has become the second largest nation in total mileage of electrified railways with its total of 24,000 kilometers as well as in total mileage of express ways and air transport volume. With the development in the above fields in the past 30 years, China's cargo transport volume has expanded by 9 times; passenger transport volume has expanded by 8.8 times. As for the growth in transport turnover, it has been 10 times in cargo service and 12.4 times in passenger service. Compared with the 500-kilometer express way mileage in 1990, 2007 has witnessed a 107-time expansion with its 53,600-kilometer express ways. Besides, with its nearly 400,000,000 clients in mobile communication, China was accepted as a large mobile communication nation all over

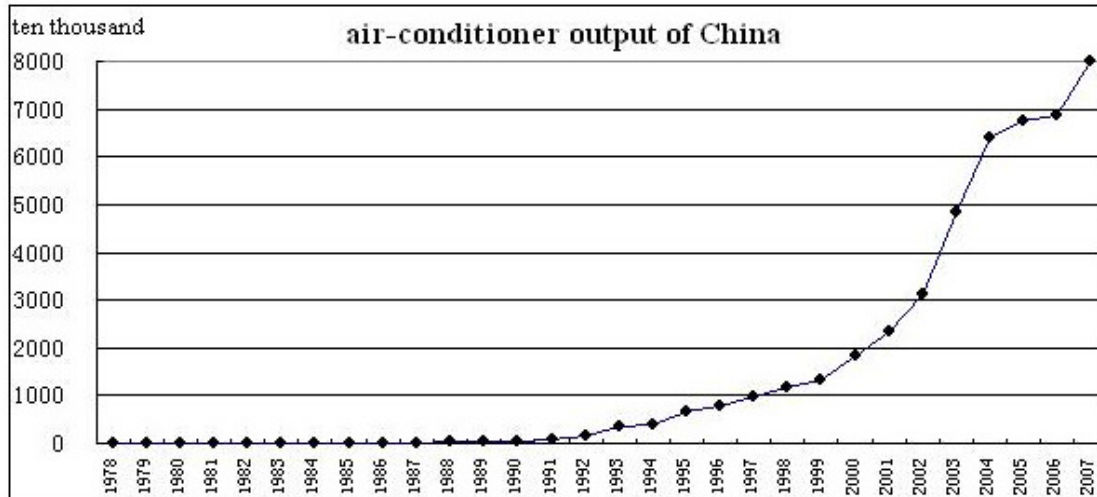


Figure 6. Air-conditioner output of China.

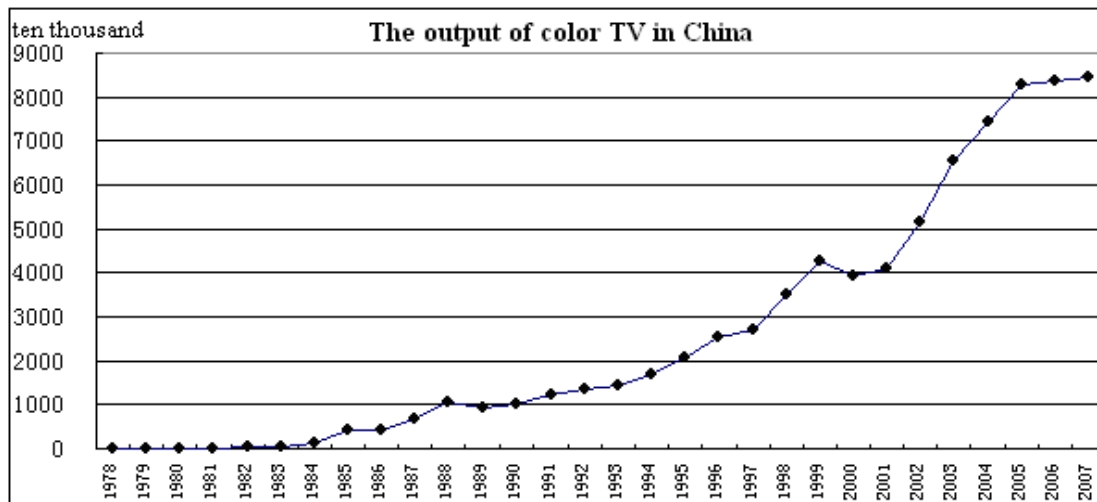


Figure 7. Colour TV output of China.

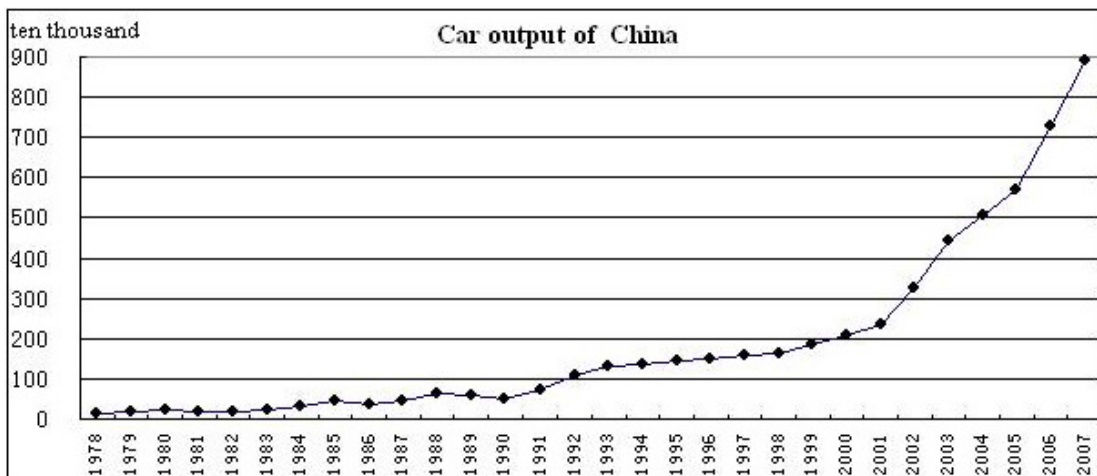


Figure 8. Car output of China.

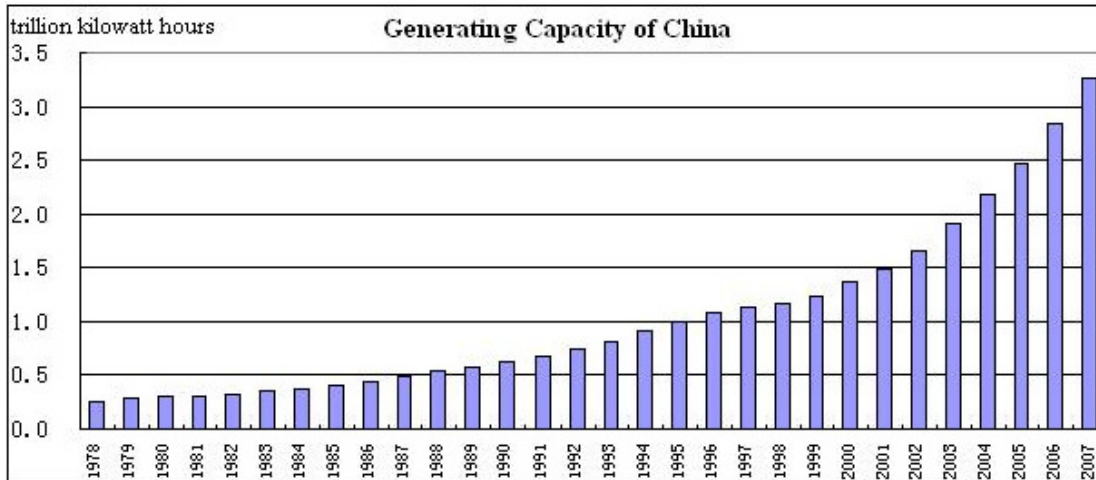


Figure 9. Generator capacity of China.

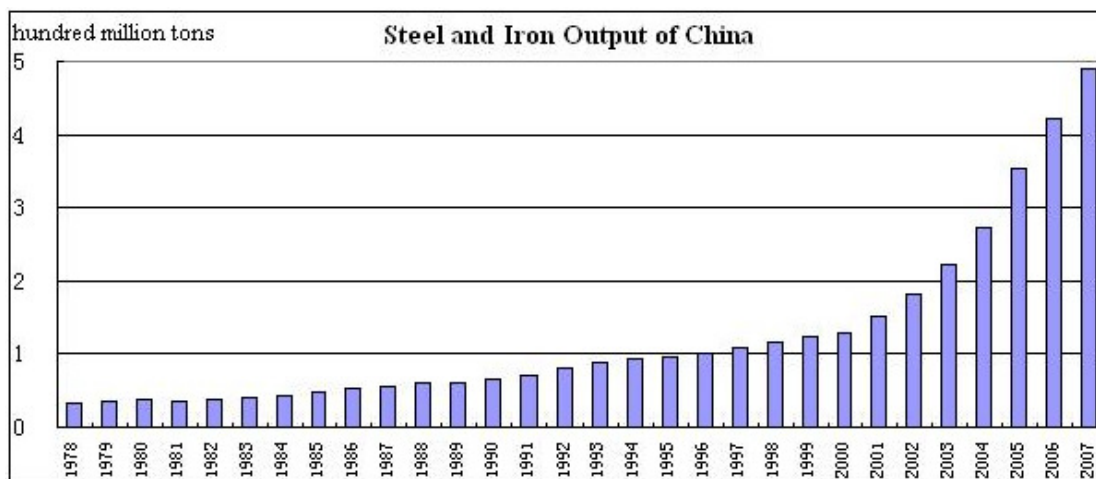


Figure 10. Steel and iron output of China.

the world in 2005. As for the Internet, it had over 100,000,000 users in 2005, and up to 2007, the number has exceeded twice of that. From only 0.38 telephones per hundred persons in 1978 to 68.6 per hundred persons, the popularity rate of telephone has increased by 180 times. Then comes tourism. From 1978 to 2007, the number of inbound tourists has increased from 1,810,000 to 132,000,000, with the latter 73 times of the former. In addition, the past 30 years has witnessed a rapid increase of 159 times in international tourism revenue from \$260,000,000 in 1978 to \$41,900,000,000 in 2007 (Figures 11-13).

IMPROVEMENT IN SCIENCE, TECHNOLOGY AND EDUCATION SCALE

During the past 30 years, China has achieved dramatic

development in science and technology, in which the operation of the moon mission “Chang E Scheme” has stimulated the worldwide exploration into the moon. Besides, it has obtained breakthroughs in many significant fields including wireless communication, Maglev transportation, missile and space technology. Up to 2007, China has leaped into the second place of the world in the scale of high-tech industries with its high-tech product exports accounting for 28.6% of the total exports in 2007 compared to 4.7% in 1992. In 2007, the proportion of Research and Development (R&D) fund in GDP has increased from 0.7% in 1992 to 1.5%. Besides, the acceptance amount of applications of patent for invention is 29 times of that in 1985. Currently, China has become a manufacture base of electronic and information products, which produces one third of the world’s electronic products.

As for education, compared with 400,000 students



Figure 11. Cargo transport volume of China.

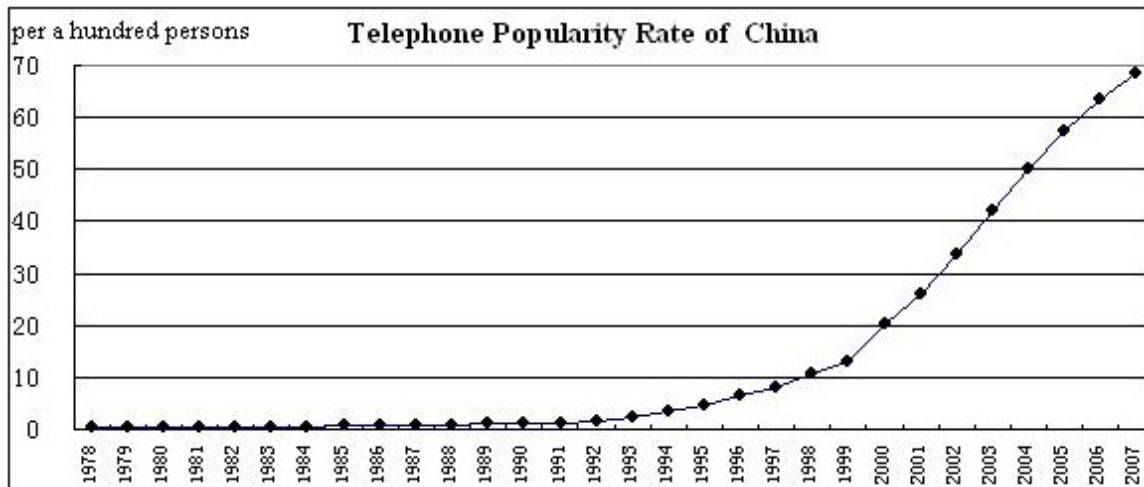


Figure 12. Telephone popularity rate of China.

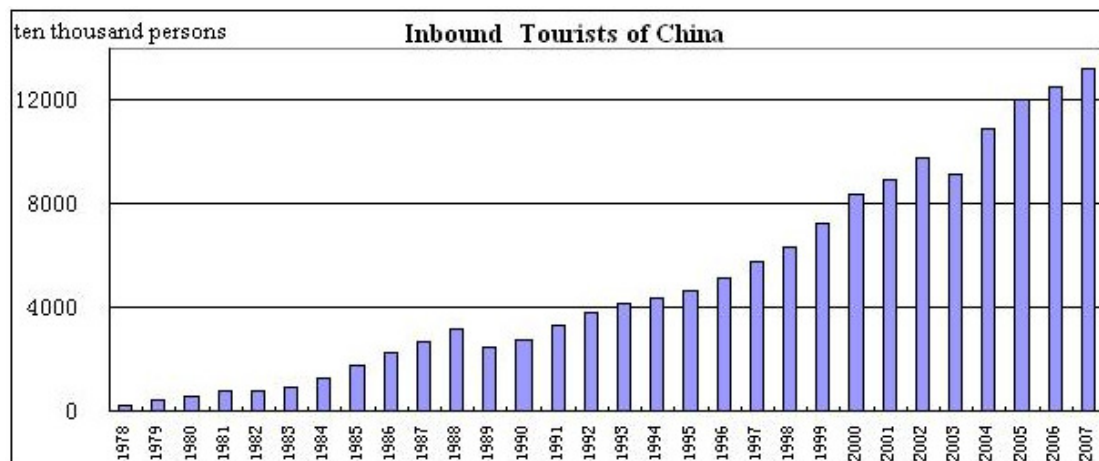


Figure 13. Inbound tourists of China.

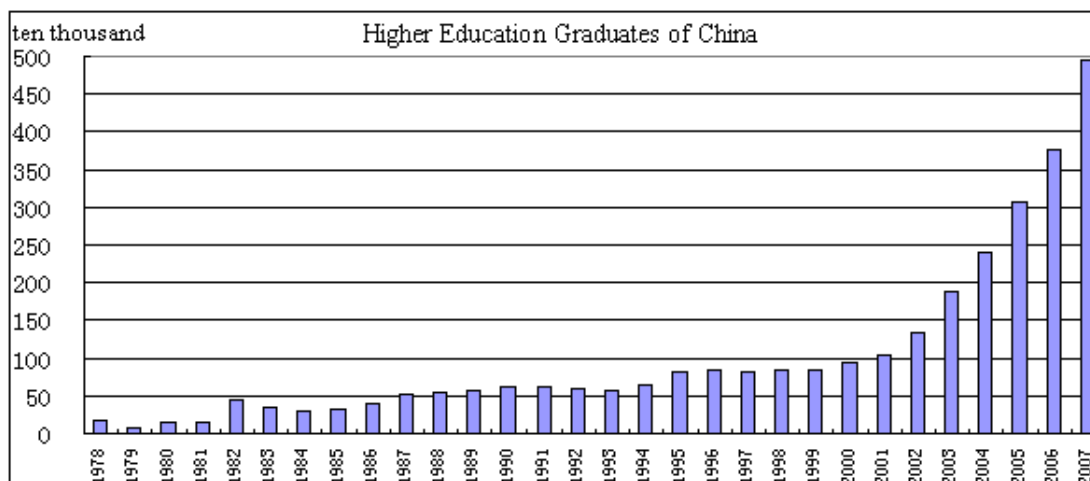


Figure 14. Higher education graduates of China.

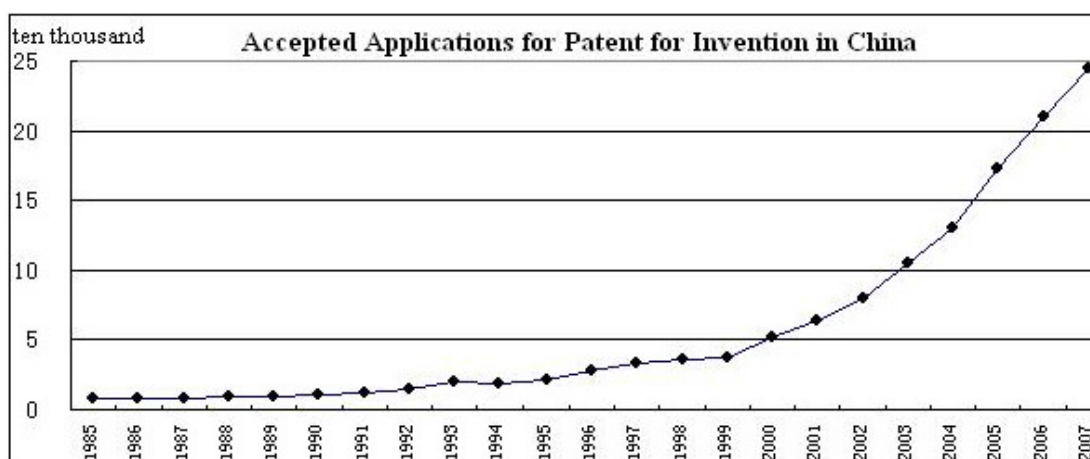


Figure 15. Accepted application of patent for invention in China.

enrolled in regular higher education in 1978, 2007 has achieved a 14-time increase with 5,670,000 enrolled students. In 1978, only 165,000 students graduated from regular institutions of higher education, while the number has reached 4,950,000 in 2007, which is 30 times of the former. In 1978, there were only 9 college students in every ten thousand people, while the number has reached up to 142 students, 16 times of the former. The gross enrollment rate of higher education has increased from 3.4% in 1990 to 23% in 2007, which is 6.8 times of the former. In the aspect of postgraduate education, the enrollment has increased from 11,000 in 1978 to 424,000 in 2007 (39 times). Compared with the number of 9 in 1978, as many as 310,000 students graduated from their postgraduate courses (34,000 times). Besides, there were only 0.1 postgraduate students in every ten thousand people, while the number has reached up to 9, 90 times of the former (Figures 14-15).

IMPROVED LIVING STANDARD

Compared with some relevant data in 1978, the per capita disposable income for Chinese urban residents has increased by 40 times, the per capita net income for suburban residents has increased by 31 times and the per capita savings balance has increased by 589 times. In the aspect of the Engel coefficients, for urban residents, they have dropped from 57.5% in 1978 to 36.3% in 2007, and for suburban residents they have dropped from 67.7 to 43.1% (Figures 16-17).

CONCLUSION

Despite some problems in current China, such as excessive resource consumption, deteriorating ecological environment, unbalanced development among different

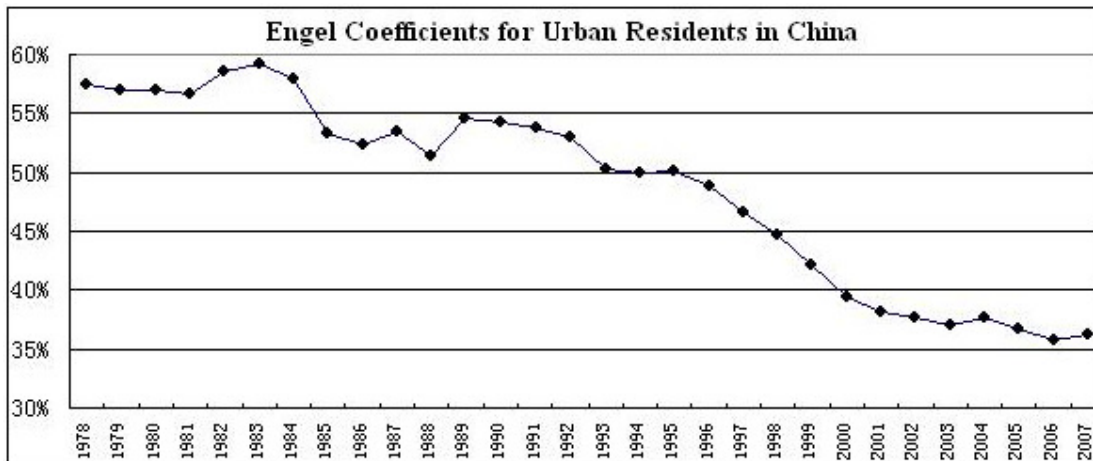


Figure 16. Accepted application of patent for invention in China.

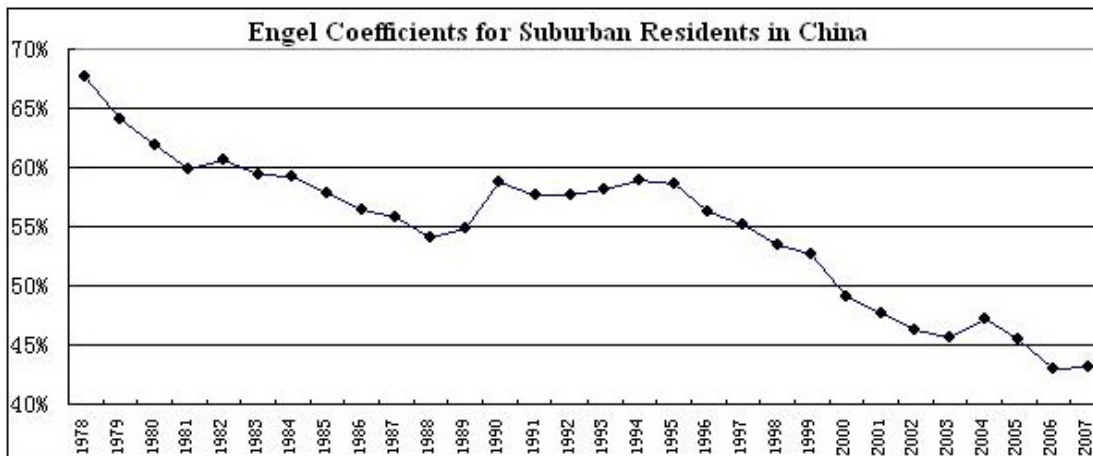


Figure 17. Engel coefficients for suburban residents in China.

regions and sharpening polarization between the rich and the poor, it is safe to draw the conclusion that China is at its best now. With its outstanding achievements in the past 30 years since its reform and opening, China has created a miracle of maintaining constant rapid economic growth in the world.

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