

**THE ECONOMY OF THE PEOPLE'S REPUBLIC OF CHINA:  
WILL PRESIDENT XI JIN PING'S POLICIES BEAR FRUIT ?**

**Serve The People !**

The **P**eople's **L**iberation **A**rmey (**PLA**) (), founded in 1927 by Mao Ze Dong (), has, as its principal motto: '*Serve the People (!)*'.

In his formative years, sickened by the former, repressive governments of China that did little for the populace but, instead, engaged in widespread corrupt activities, causing the rich to become richer while the poor became poorer, it became the catalyst that caused Chairman Mao (as Mao Ze Dong is, commonly, called, today) to become a popular revolutionary, resulting in him, eventually, becoming the Founder of the People's Republic of China (PRC) on October 1, 1949.

He ruled the **C**ommunist **P**arty of **C**hina (**CPC**) from its establishment in 1949 until his death in 1976.

With the founding of PRC, two of his many first determinations included '*to clean house*' of the parasites, preying upon the innocent and the ignorant, and weed out the corrupt that formed powerful (and dangerous) cliques that were akin to highly organised criminal activities.

An example of one of these determinations was exemplified when the ethnic Indian population, living in the country, was given 48 hours to leave the country.

The main reason for Chairman Mao's proclamation with regard to the ethnic Indian population was that this close-knit, ethnic group, most of which lived and operated in major cities of the country, was, for the most part, being traders and moneylenders, took advantage of the people with whom they came in contact and/or

engaged in business dealings.

They were seen as being exploiters of small Chinese enterprises as well as the peasantry, both of which, not being cognisant as to how and when they were being cheated.

In addition, the ethnic Indian modi operandi were such as to permit their practices to proliferate.

In 1949, many of the Chinese population of the country were in dire straits: Death from the side effects of malnutrition, over extended periods of time, or outright starvation, due to crop failures or the inability of the agricultural worker to cope with difficult situations, was not uncommon in many parts of the country.

China, prior to October 1949, was rife with corruption, a situation that Chairman Mao had inherited from the **Kuo Min Tang (KMT)** (), a Chinese political party that ruled the country from 1927 until 1948.

And, the situation with regard to corruption in myriad forms, as the present Government of the PRC is quite willing to admit, continues to this day.

The present Government of the PRC has stated, on many occasions, that it fully intends to obliterate corruption, at all levels, both in Government and in private enterprise.

### **The Economy Of The PRC In 2017**

The economy of the PRC, today, is the second-largest in the world.

Because of this single fact, The United States of America views the PRC as being a potential threat since, inter alia, it is generally held that, in the coming decade or so, the economy of the world's most populous country could well rival that of the largest single economy of the world.

Last week, the PRC Government announced that the growth of the country in terms of its **Gross Domestic Product (GDP)** – the total value of goods produced and services provided in a country, during one year – stood at 6.90 percent in 2017.

That figure of 6.90 percent compared with 6.70 percent in respect of the 2016-year's GDP.

The number of people, living in the PRC and being determined as having to subsist below the poverty line, during the 2017 year, was put at 11.10 percent.

The human population of the PRC, today, is estimated at about 1.38 billion, men, women and children so that the number, living below the poverty line, in the past year, was about 153 million people.

The human population of The United States of America, today, is about 327 million, men, women and children so that those 153 million people of the PRC, known to have been living below the poverty line in 2017, represents about 47 percent of the total population of The United States of America.

Today, the number of people, officially living below the poverty line in The United States of America, is estimated at about 15.10 percent: That is about 49.38 million people.

Turning to the Unemployment Rate in the PRC, in the 2017 year, it was said to have been about 3.97 percent.

That figure is the official statistic, published and disseminated by the PRC Government, and it may not be an entirely accurate assessment of the facts, taking into account, among other things, the number of agricultural workers that were not included in any Government survey with regard to the unemployment level in rural areas.

The Unemployment Rate in The United States of America, today, is estimated to be about 4.40 percent, down from the estimated 2016 figure of 4.90 percent.

This figure may be considered, plus or minus a few percentage points, as being an accurate assessment of the facts.

Amicable relations between the PRC and The United States of America must be seen as being crucial to the Government of Xi Jin Ping (), the General Secretary of CPC, President of the PRC, and Chairman of the Central Military Commission, because, inter alia, The United States of America is the largest, single export market for PRC goods, representing 18.30 percent of all the PRC's annual exports.

Close on the heels of The United States of America, in terms of the PRC's export markets, is the European Union (EU): It is responsible for 16.10 percent of all PRC's exports.

The labour force of the PRC, broken down into the major categories of occupations, is said to be:

Agriculture	29.50 percent
Industry	29.50 percent
Services	40.60 percent

Comparing the PRC's labour force, numbering about 803.60 million workers, with that of The United States of America, that country's labour force, numbering about 160.40 million workers, the labour force in the world's largest-single economy is engaged in:

Farming, Forestry, and Fishing:	0.70 percent
Manufacturing, Extraction, Transportation, and Crafts:	20.30 percent
Managerial, Professional, and Technical:	37.30 percent
Sales and Office:	24.20 percent
Other Services:	17.60 percent

In the 10 most-important provinces of the PRC, with regard to economic fundamentals, there are striking disparities.

The following table is copied from statistics, supplied to **TARGET()** by organs of the PRC Government:

Province	Ranking <sup>1</sup>	Renminbi (¥) <sup>2</sup>	Estimated Population (in 1,000)
Guangdong ()	One	7,281.26	107,865
Jiangsu ()	Two	7,011.64	79,682
Shandong ()	Three	6,300.23	98,183
Zhejiang ()	Four	4,288.65	55,235

Henan ()	Five	3,701.03	94,580
Sichuan ()	Six	3,010.31	81,721
Hebei ()	Seven	2,980.61	74,043
Hubei ()	Eight	2,955.02	58,338
Hunan ()	Nine	2,904.72	67,601
Liaoning ()	Ten	2,874.34	43,867

1. Ranking by Gross Domestic Product, based on figures, calculated at the 2015-year's level.
2. Gross Domestic Product are given in billions of renminbi.

The following is copied from information, supplied by another department of the PRC Government:

*'China's unequal transportation system—combined with important differences in the availability of natural and human resources and in industrial infrastructure—has produced significant variations in the regional economies of China.*

*'Economic development has generally been more rapid in coastal provinces than in the interior and there are large disparities in per capita income between regions. The three wealthiest regions are along the southeast coast, centered on the Pearl River Delta; along the east coast, centered on the Lower Yangtze River; and near the Bohai Gulf, in the Beijing–Tianjin region. It is the rapid development of these areas that is expected to have the most significant effect on the Asian regional economy as a whole and Chinese government policy is designed to remove the obstacles to accelerated growth in these wealthier regions.'*

### **Obstacles That President Xi Jin Ping Will Have To Tackle**

In the opinion of **TARGET**, that which is very apparent, and which still persists in the country, is the ever-widening gap between those citizens of the country, who have very little, and those citizens of the country, who have a superfluity.

This medium has visited numerous parts of the PRC, over past years, and, in Shanghai, one of the richest cities in the PRC as well as being one of the most populous, at a major hospital, patients lined the entrance hall, lying on slabs, cut from cardboard packaging boxes, awaiting their turn, presumably to see a doctor or to obtain medicines for their ailments.

In a conversation with one of the doctors at this hospital, **TARGET** was told that, for Europeans or foreign visitors to Shanghai, there were special provisions in place, entitling them to immediate access to inhouse doctors as well as to all the hospital's facilities.

This statement has been confirmed simply by scanning translations of signs, posted in parts of the hospital, and in conversations with foreign residents of the city.

In some parts of the country, **TARGET** has witnessed the presence of abject poverty, with children, running without shoes, of the elderly, having become terribly emaciated, obviously the result of malnourishment.

It could be said that such situations persist in many other parts of the world, too, but in the second-largest economy of the world, where the human population is approaching 1.40 billion people, one has to ponder whether or not discontent, amidst the millions of the have-nots could explode into civil unrest.

The clear uneven distribution of wealth throughout the PRC might well become a flashpoint that, if left to fester, one may cogitate as to that which might transpire.

In the Yangtze River Triangle – Shanghai, Zhejiang and Jiangsu – and the Pearl River Triangle – Shenzhen, Guangdong and the Hongkong Special Administrative Region and the Macau Special Administrative Region – one notes continuing economic strength that appears to be rising, smartly.

But this is in stark contrast to the Northeast and the Southwest regions of the country.

Then, there are the problems, confronting the debt burden of the country.

According to the **International Monetary Fund (IMF)**, the debt of the PRC, today, is standing at about 234 percent of total output.

A large percentage of the country's debt load is the result of lending practices from/to local governments and/or PRC State-Owned Enterprises.

All banks in the country are controlled by the Government, The People's Bank of China (), being the Central Bank, de jure.

Senior administrators of this bank are known to have the power to carry out monetary policy and to regulate financial institutions in the country.

However, one has to ponder whether or not the senior administration, presently in place in The People's Bank of China, is sufficiently independent so as not to cringe if faced with widespread discontent from a number of irate Government officials, based in Beijing, the Capital City of the country and the seat of political power.

While this bank may be inclined to want to take definitive action in respect of non-performing loans, given the power so to do to rein in the known plethora of non-performing loans of materiality, including loans, advanced to State-Owned Enterprises, it could well have a domino effect, exacerbating the inequality between the economically advanced regions of the country and the more-backward ones.

Reverting to the intelligence, received by this medium from organs of the PRC Government in respect of regional development, there are said to be strategies in place, today, *'aimed at the relatively poorer regions'* of the country.

The object of this exercise, one is told, is *'an attempt to prevent widening in inequalities'*.

Inter alia, these strategies are focusing on:

- China Western Development – Designed to increase the economic situation of the western provinces through capital investment and development of natural resources;
- Revitalise Northeast China – To rejuvenate the industrial bases in Northeast China. It covers the three provinces of Heilongjiang, Jilin, and Liaoning, as well as the five eastern prefectures of Inner Mongolia;
- Rise of Central China Plan – To accelerate the development of its central regions. It covers six provinces: Shanxi, Henan, Anhui, Hubei, Hunan, and Jiangxi; and,
- Third Front – Focused on the southwestern provinces.

Clearly, this has been a long time in coming, but, perhaps, this time around, things will improve in the Middle Kingdom.

Time will tell.

-- END --

*While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.*

*If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*