

How can China sustain the economic growth under the global financial crisis

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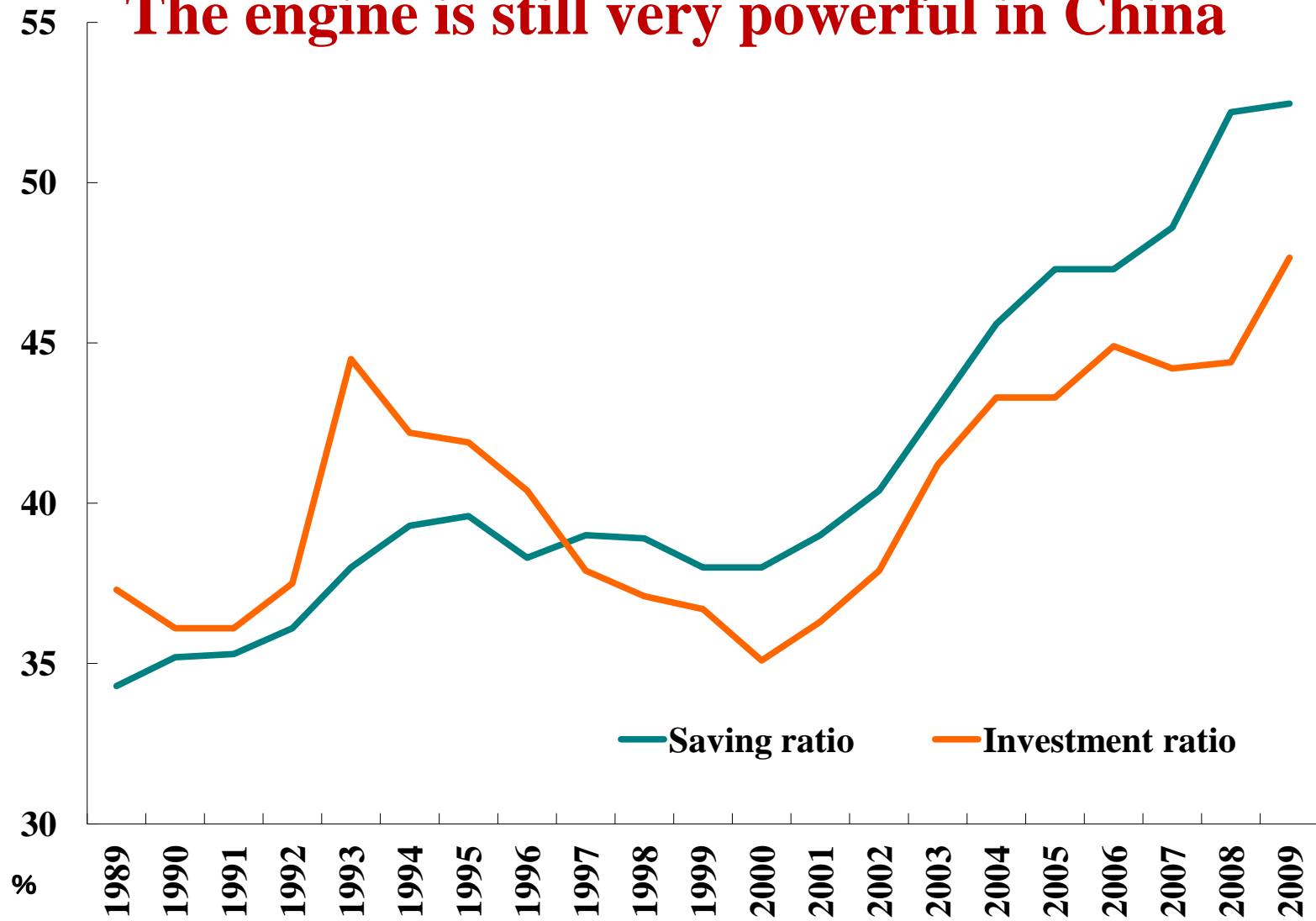
16th, Nov., 2011

1. Whether China can sustain the growth?

- The answer is Yes and No.
- First, China can sustain the economic growth because of its strong potential domestic demand: **High saving ratio, big population, big domestic market and strong competitiveness about basic manufacturing industries.**
- Second, Chinese policy makers need to do more efforts to stabilize the economic growth. **To privatize the state-owned commercial banks and the state-owned enterprises, to build a market-oriented system, to downsize the government, to change the economic structure.**

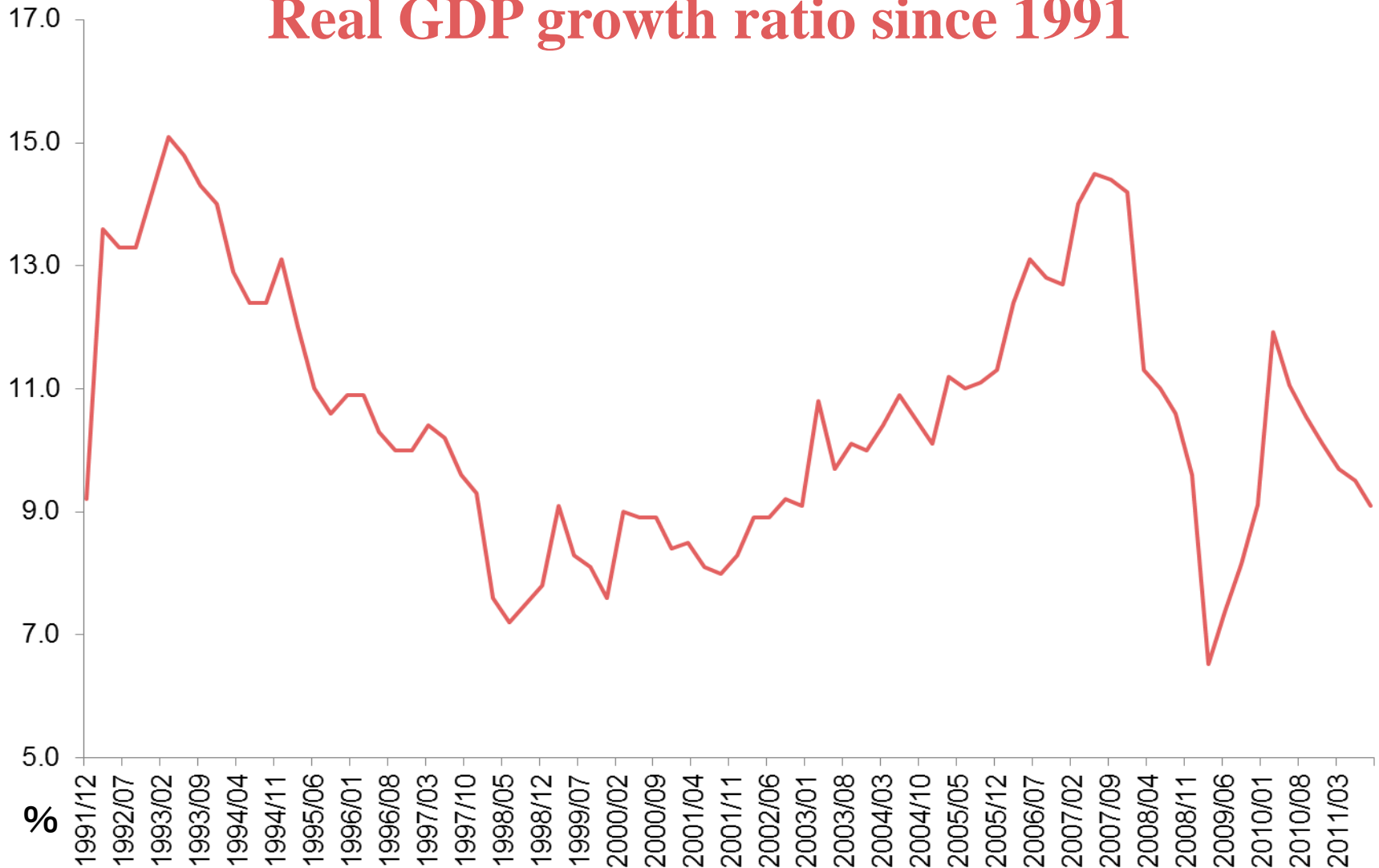
2. High saving ratio & high investment ratio

The engine is still very powerful in China



3. The problem is how to stabilize the growth

Real GDP growth ratio since 1991



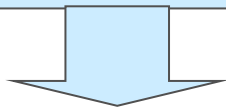
4. The difficulties for the policy-makers

The problems in short term

1. Property Bubble + Inflation

2. Imbalance of external trade

3. Revaluation of RMB



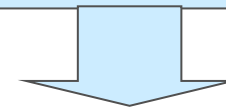
The dilemma for policy mix

The problems in long term

1. How to stabilize the economic growth

2. To reallocate income

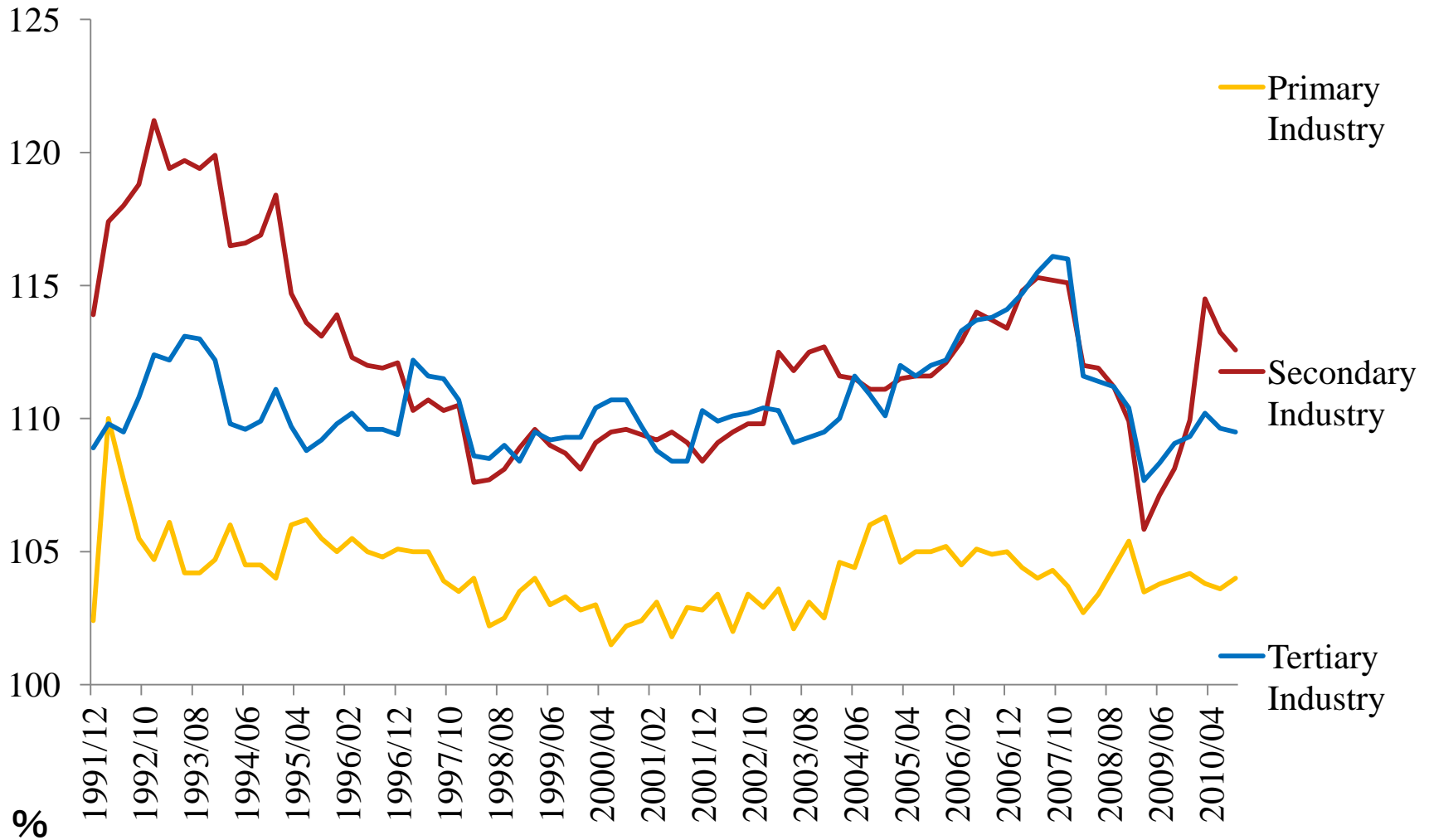
3. To create more employment opportunities



Capacity building

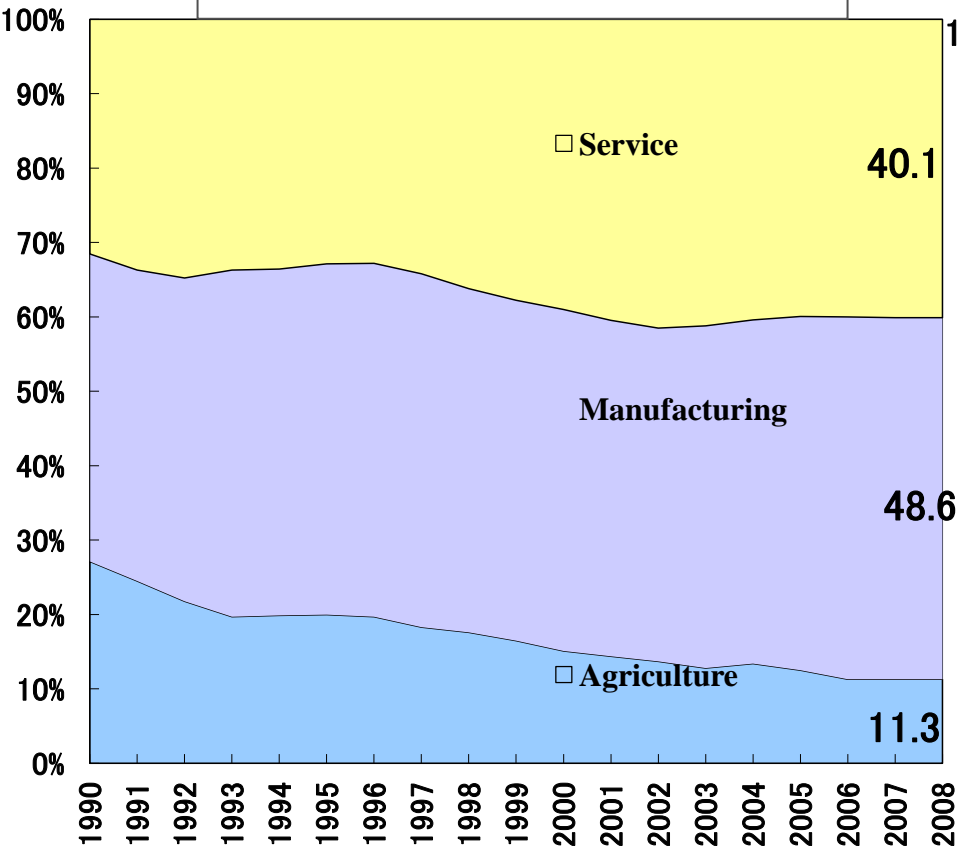
1. How to strengthen the service industries?

Outcome growth ratio (1990=100)

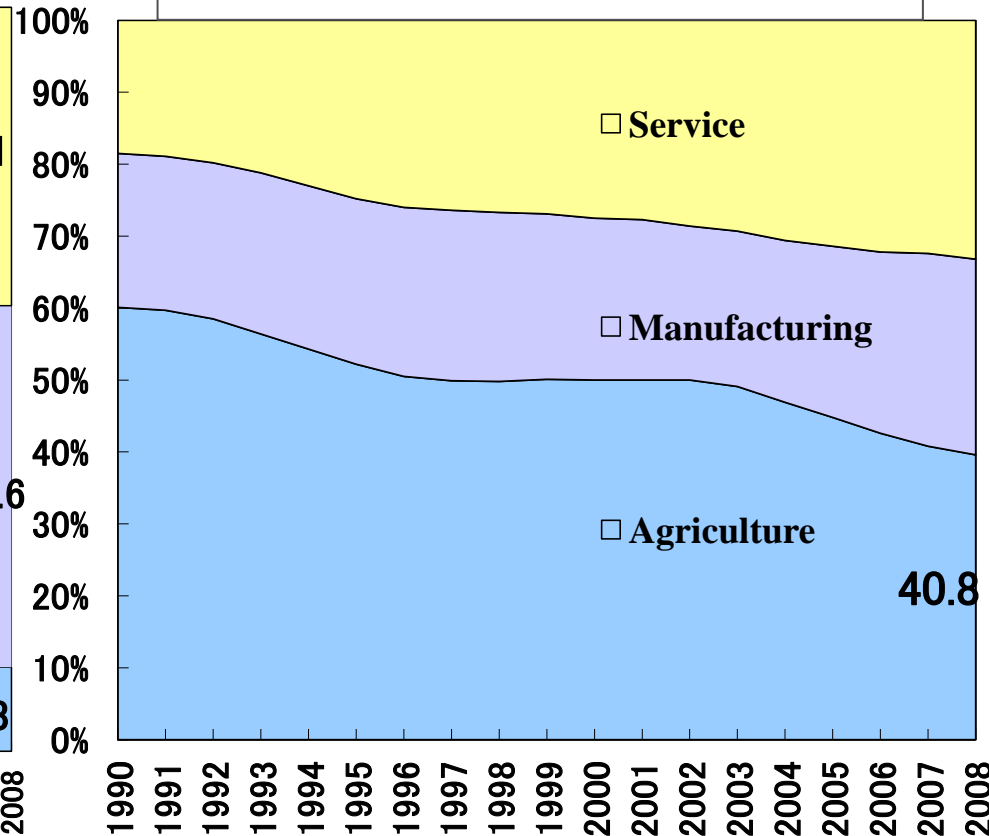


6. The point is how to strengthen the service sectors

The real GDP for three industries

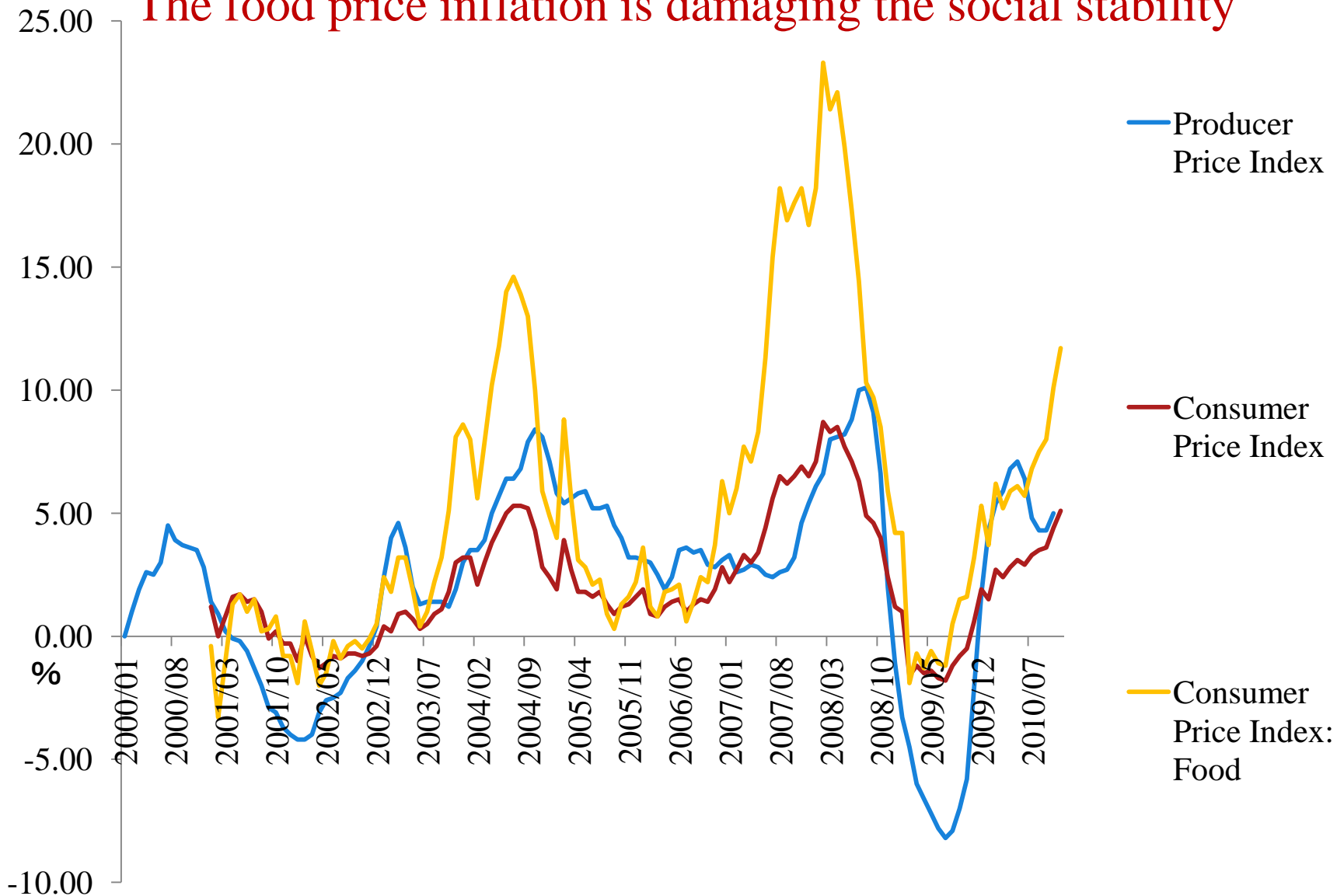


Contribution to creating employment

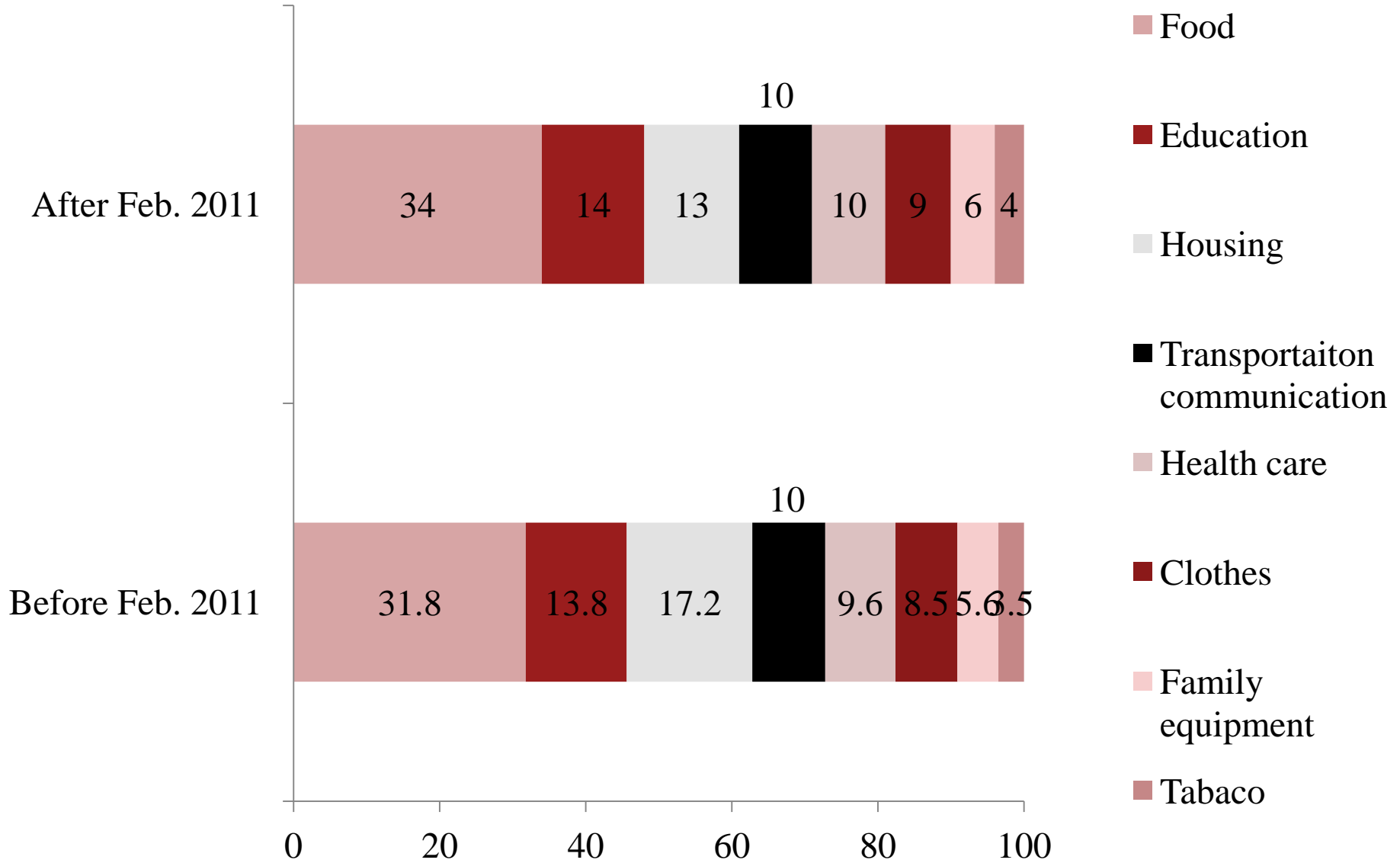


7. It is important to cool down the inflation now?

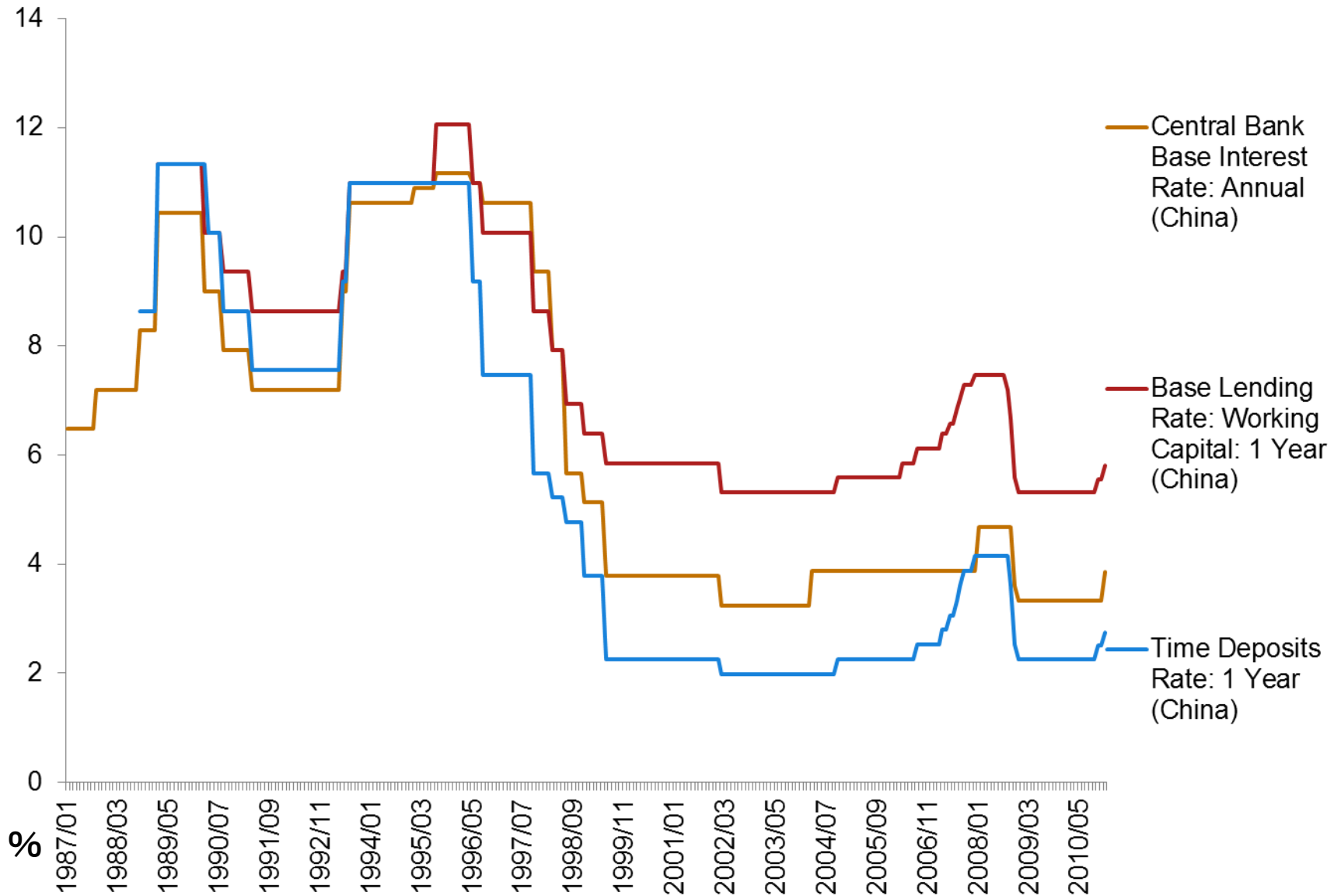
The food price inflation is damaging the social stability



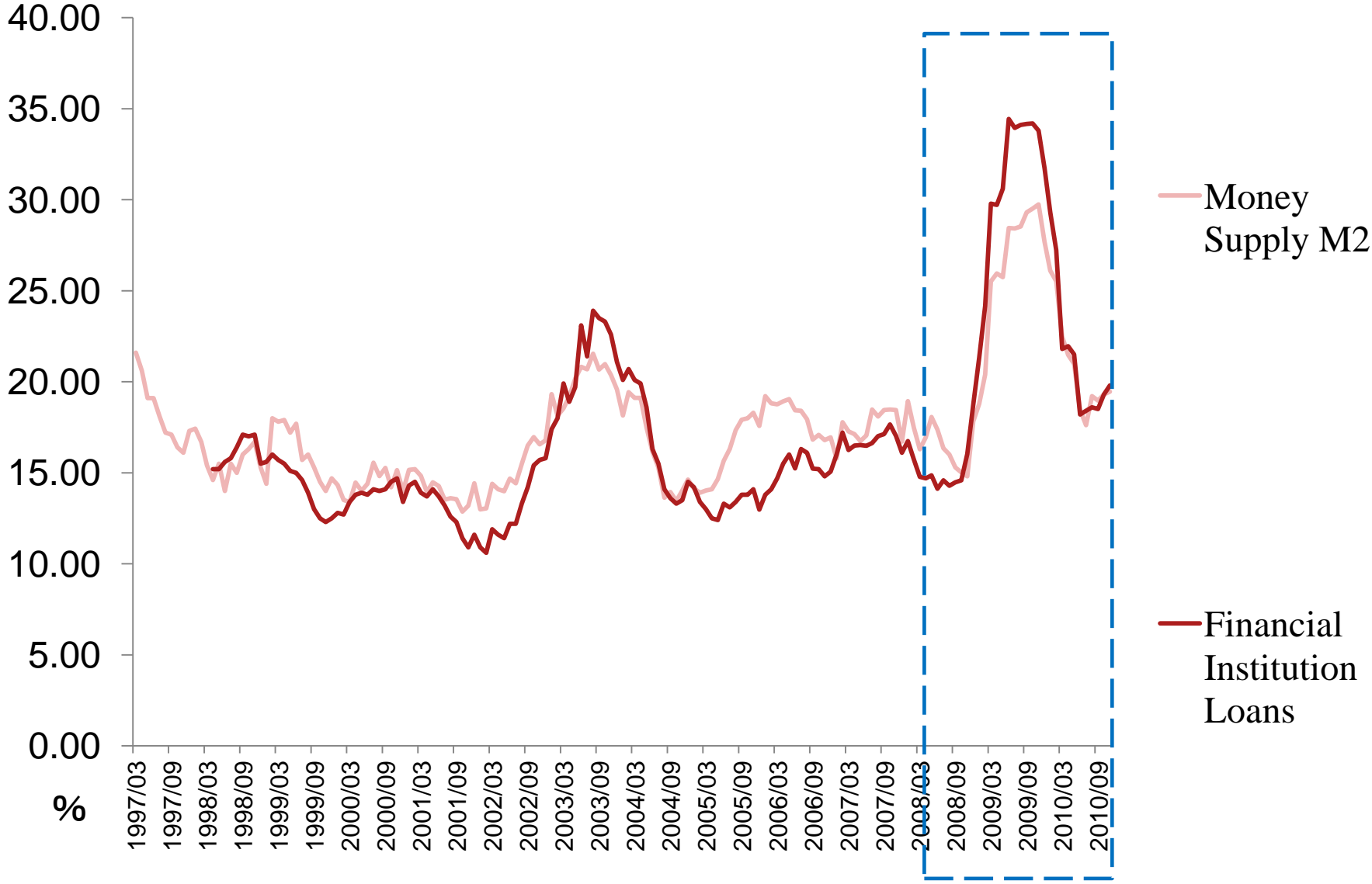
8. The basket of CPI has change in Feb. 2011



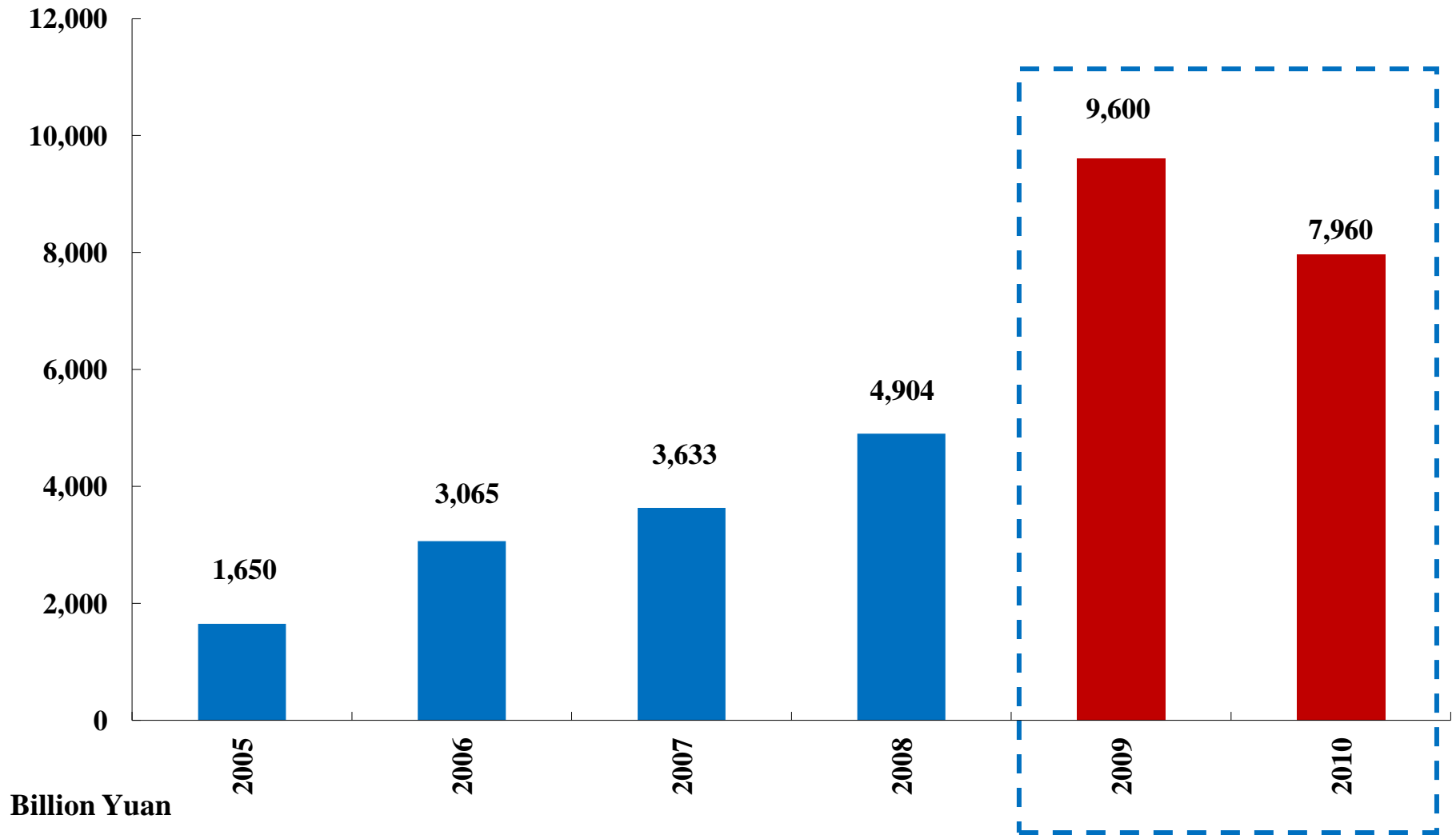
9. China needs to liberalize the interest rate control



10. Over liquidity made the property bubble

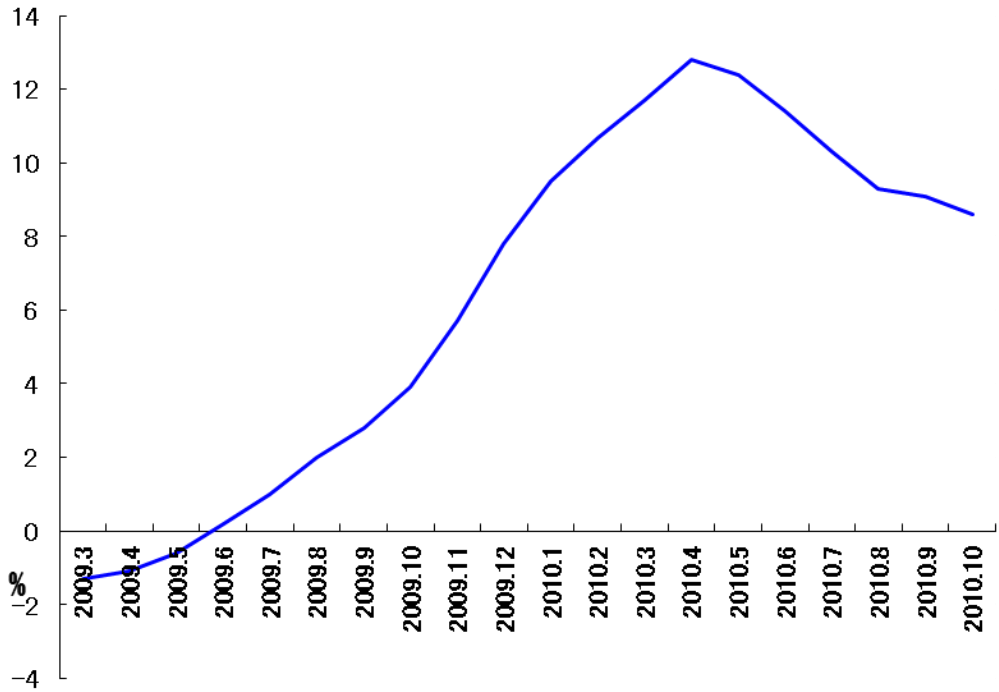


11. Banks generate too much liquidity into the market **FUJITSU**

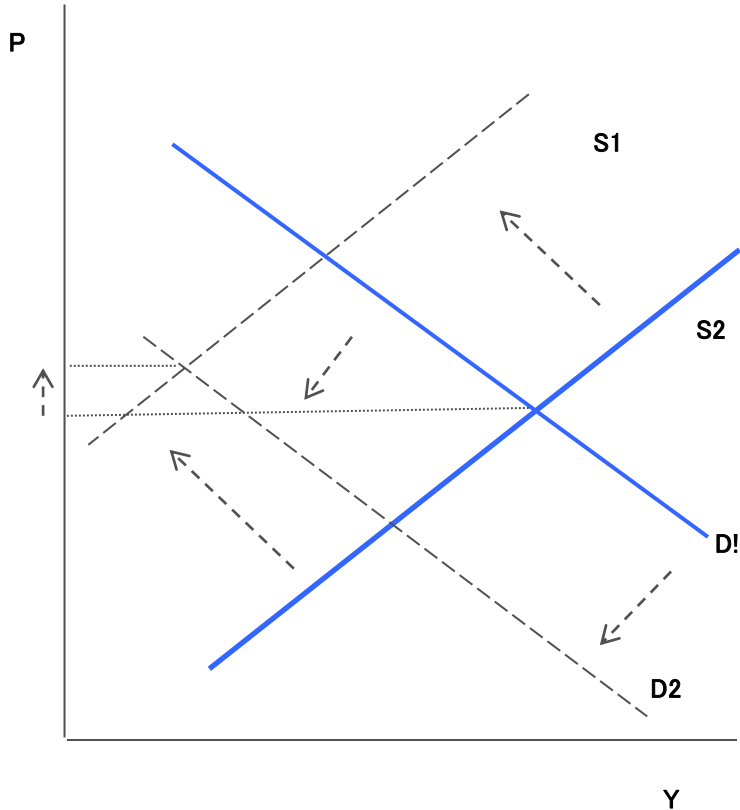


12. The prosperity market is still in the bubble

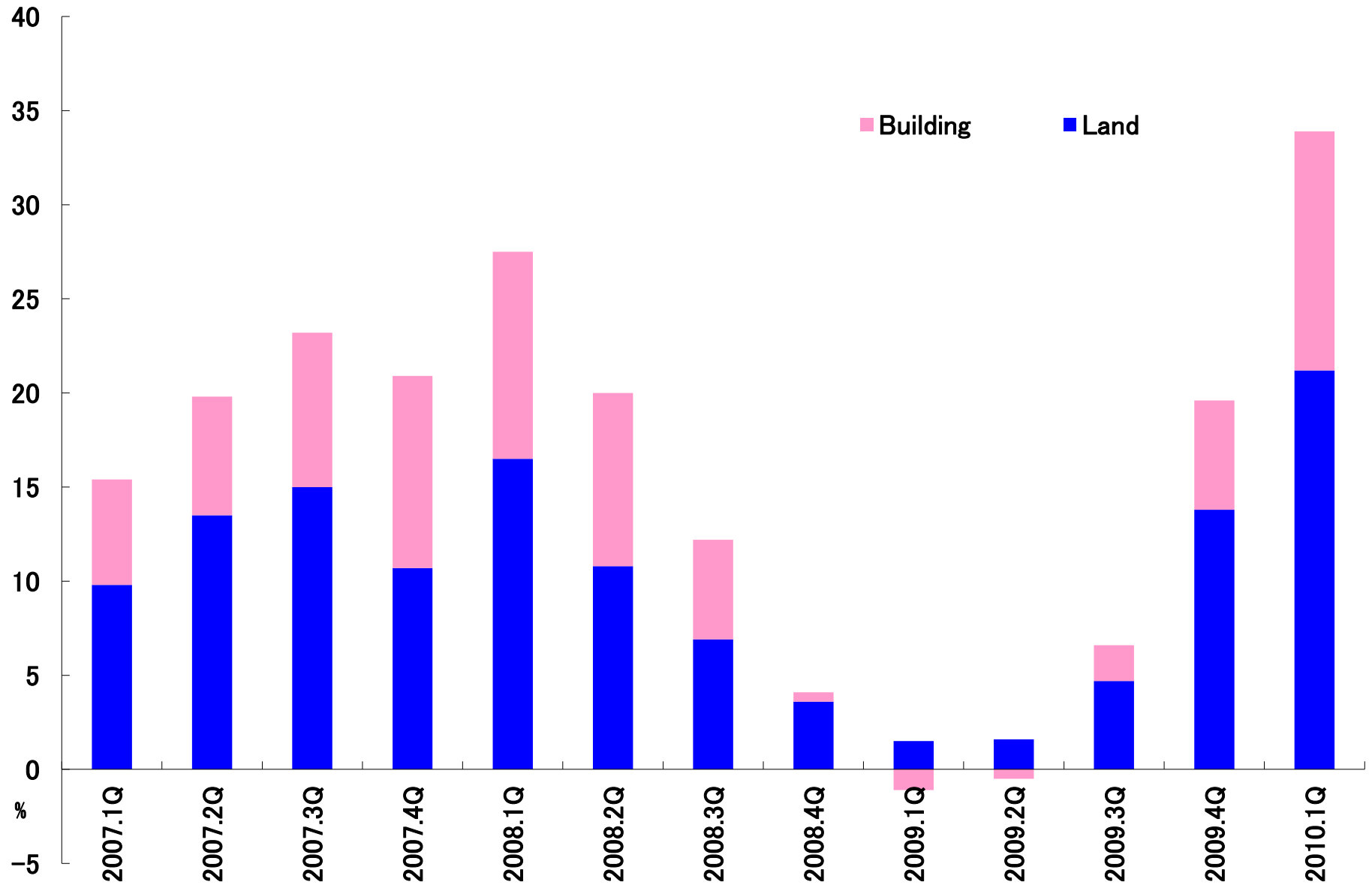
Prosperity price in 70 big cities



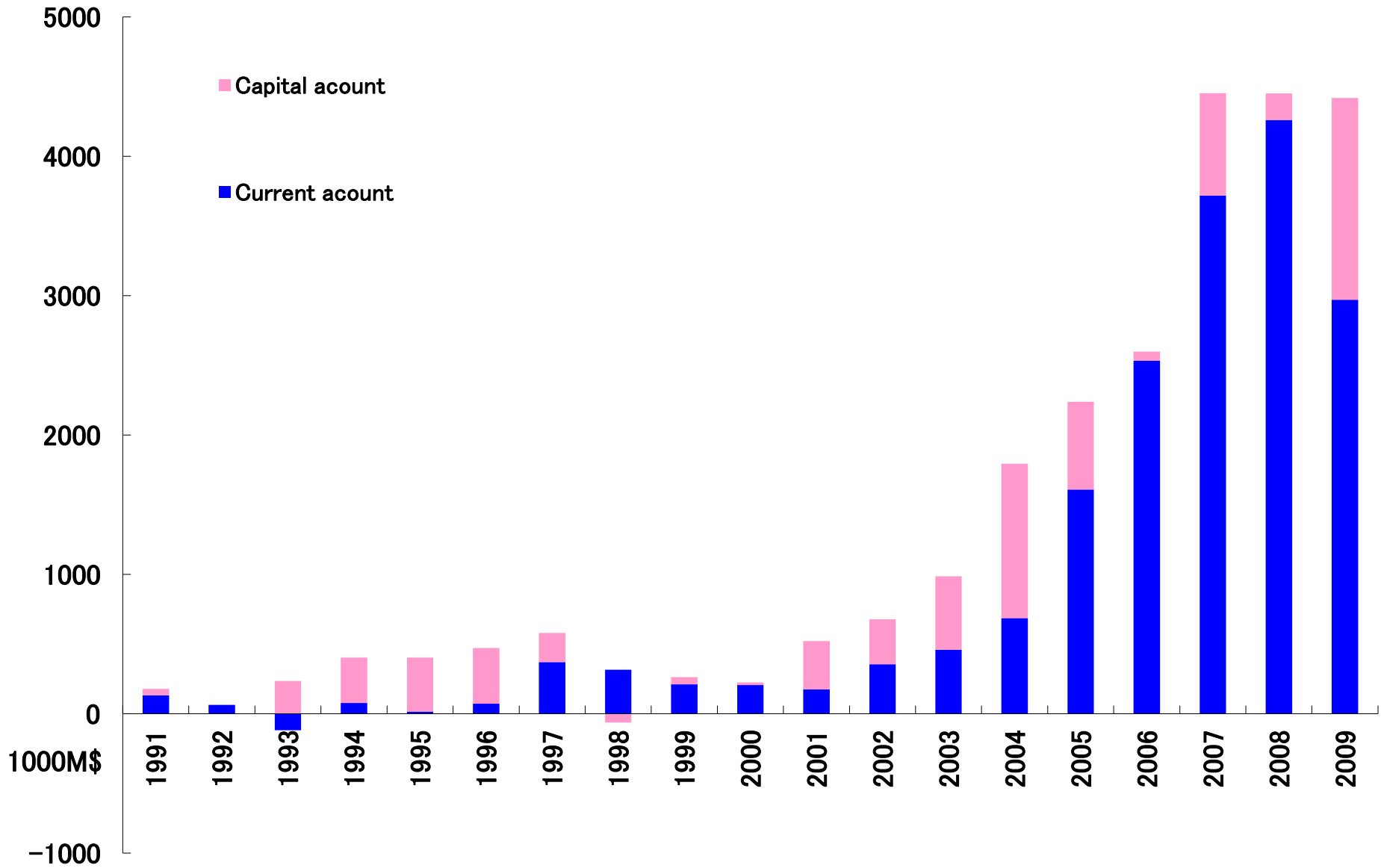
Why house price uncontrollable



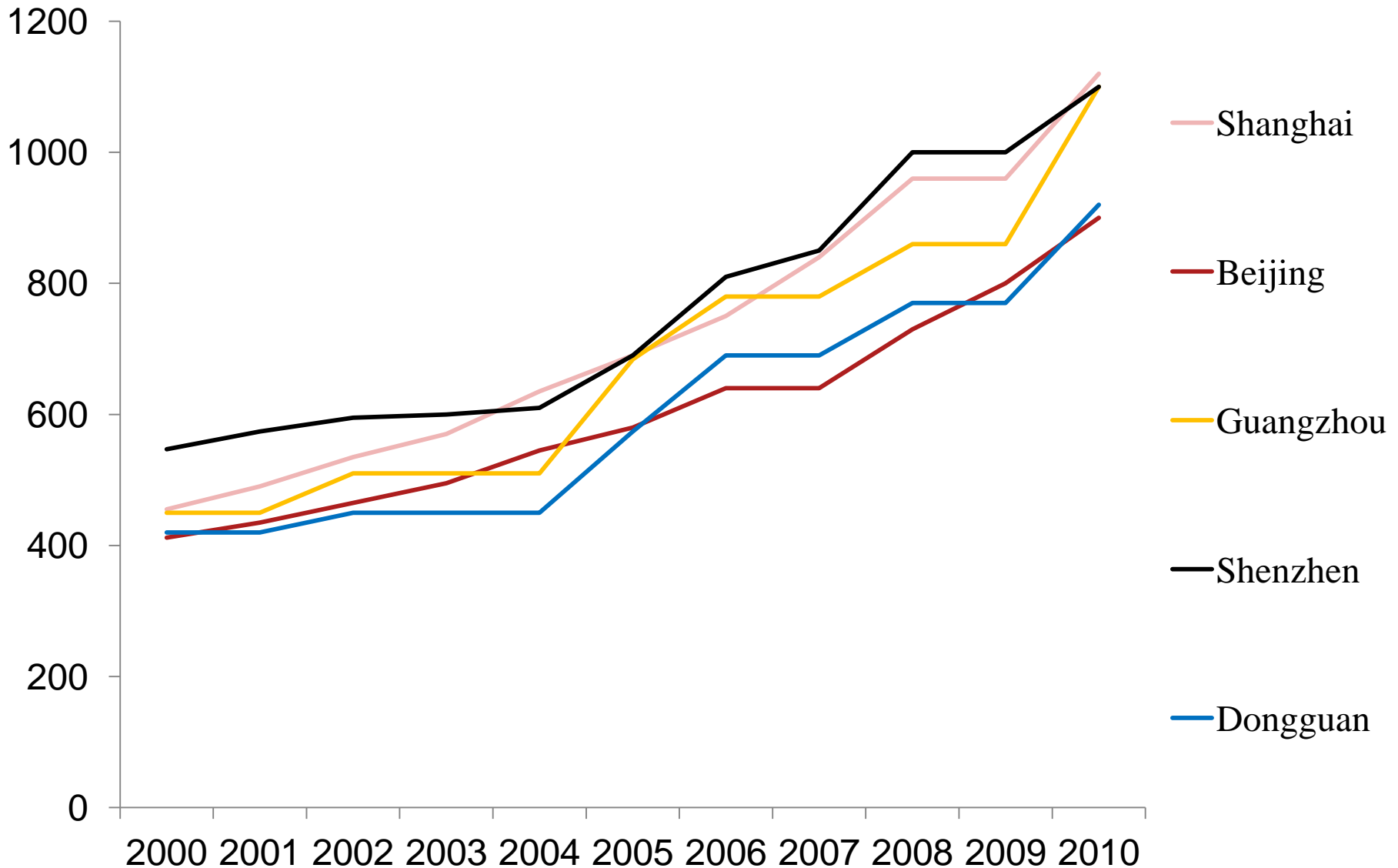
13.Land price and house price



14. How to rebalance the inter. economics



15. Big cities are bottoming up the income



16. My conclusion and proposal

■ What the govt. can do?


⇒ To improve deregulation and liberalize the economic control.

■ What the govt. needs to do?

⇒ To reform the political system, to create transparent market-oriented economic system.

■ What will happen in China in coming years?

⇒ It is a turning point for China to reform political system and to build Chinese style democratic political system



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