

Present Situation and Future of China’s Economy

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Abstract

China has gradually taken its responsibility as a powerful giant country in today’s world. In this article, I try to summarize the past economy development in China and to describe the present international situation of China and some information about China’s trade partners in today’s rapidly developing world. And one thing maybe true in terms of China’s attitude to today’s world, it’s cooperation.

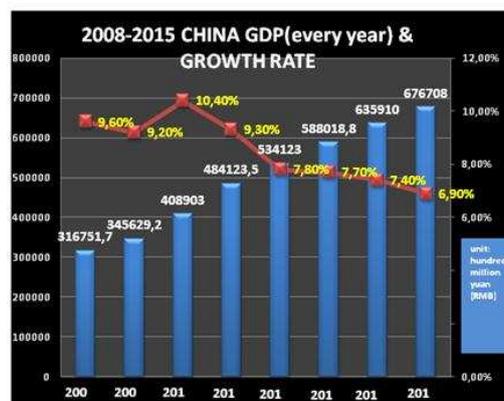
Keywords: responsibility, cooperation

Introduction

1. China’s economy development in the past

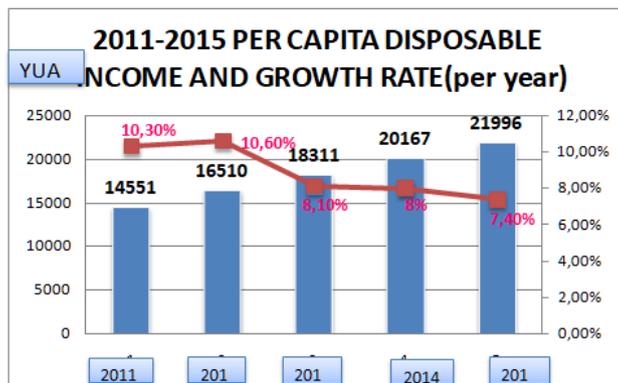
From the China reform and opening up, average GDP per year in China has achieved 9.5%, which is the fastest one around the world. And the speed is three times the annual growth rate of the world economy. At present, China is the second largest economy around the world. The per capita income of urban residents has increased 17 times from 344RMB in 1978 to 6280RMB in 2000. Through a period of high-speed growth of economy, China now are gradually going into a new term called ‘new normal’ in which China can still keep average GDP growing at 6.5% speed. So it indicates that the potential for China’s economy is still very strong.

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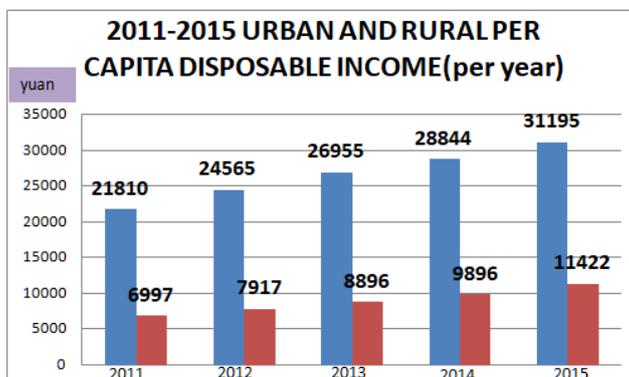


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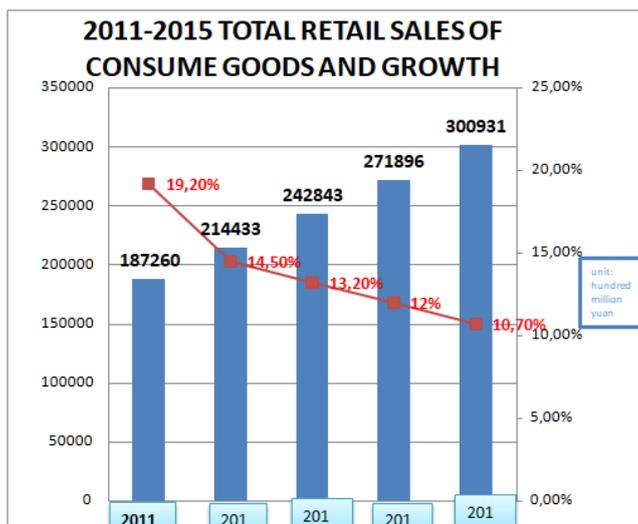
2. Residents income and consumption level in China



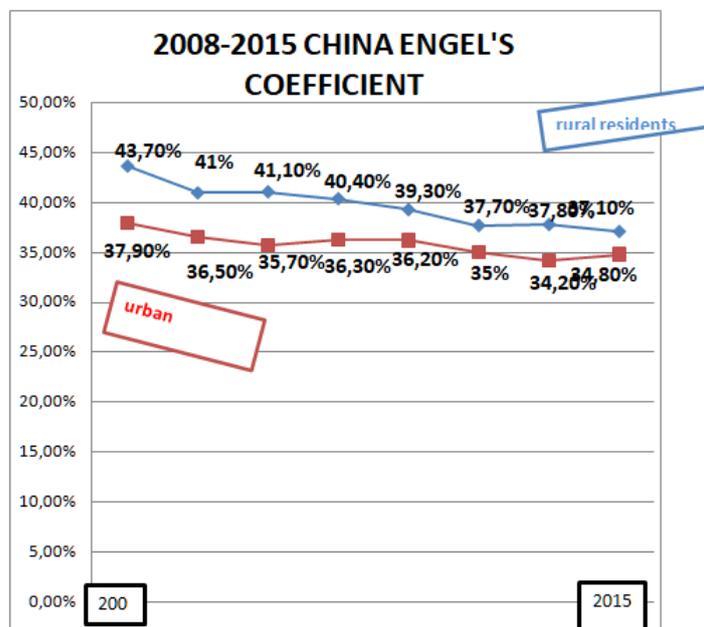
From the data, we can see from 2011 to 2015, China per capita income per year has increased from 14551 to 21996 yuan and keep a high speed to grow.



However, the per capita in city is near three times that in urban areas which shows the gap between city and countryside remains really large in China.



When it comes to the consumption level, the total retail sales of consumer goods has increased from 187206 to 300931 hundred million yuan per year. And it's easy to conclude that the consumption of people in China has jumped to a high level with income increasing.



Let's look at Engel's coefficient, China's average Engel coefficient from 2008 to 2015 is estimated 36% which is considered as a very low life level comparing to the US and European countries which is about 20%.

So there is still a significant gap between China and developed countries based on such statistics.

3. Some countries' situation of income, the rich and poor

(1). China

Communist China has one of the world's highest level of income inequality, which the richest 1% of households owning a third of our countries' wealth. A report from Peking University has found. And the poorest 25% of Chinese households own just 1% wealth, the study found.

China's Gini coefficient for income, a widely used measure of income, was 0.49 in 2012, which has risen from roughly 0.30 in the 1980s. And you should know that the World Bank considers a coefficient above 0.40 to represent severe income inequality. Zhao xiaozheng, a sociology professor at Renmin University in Beijing once said, 'There is no doubt that the income gap getting larger and larger.'

(2). Foreign countries

Among the world's 25 largest countries by population for which the World Bank tracks Gini data, only South Africa and Brazil are higher than china at 0.63 and 0.53, respectively. The figure for the US is 0.41, which Germany 0.3. As the largest economy in the world, the US's Gini coefficient also presents that wealth inequality in

the US is also worse. So it seems like the large economy have to find ways to reduce the wealth gap.

While China's neighbor-Japan, one of the most fair country in the world, which Gini coefficient is just 0.2490 in 2007, sets a good example to China and the US how fair the income distribution is in Japan. And in 2007, the world's top 5 Gini coefficient countries is ranked as Denmark (0.2470), Japan(0.2490), Sweden(0.2500), Czech Republic (0.2540) and Norway (0.2580). So this data statistic indicate that the situation of income inequality in Japan and many European countries is much better than China and the US, especially China.

4. Future of China's economy

Although there are some difficult issues waiting our authority and government to solve, like the inequality of resource distribution between rural and urban areas, the gap between the rich and poor and so on, the market potential in China is still very very strong. Why I say so?

On the one hand, China's leadership has pledged to address inequality. As our president Xi Jinping once wrote in People's Daily, a government mouthpiece, in 2014. "We want to continuously enlarge the pie while also making sure that we divide this pie correctly. And Chinese society has long held the value of 'do not worry about the amount, worry that everyone has the same amount.' ".So, this is what China's leadership has pledged to our people to make our life much better and more hopeful.

On the other hand, over the years China has been facing the world with an open attitude. In August 2013, the State Council formally approved the establishment of China (Shanghai) free trade pilot area. When the test area is established, the Shanghai Waigaoqiao Free Trade Zone is the core, and it has become a new experimental field of China's economy. It has implemented a number of reform measures such as government function change, financial system, trade service, foreign investment and taxation policy. Re-export, offshore business development.

As of the end of November 2014, Shanghai Voluntary Trade Experimental Zone, a total investment of more than 22,000 a year, nearly 14,000 new enterprises, foreign investment in 160 projects.

Free Trade Zone has responded to the new situation of world economic development. China (Shanghai) Free Trade Experimental Zone has become a member of the World Federation of Free Trade Zones, and the World Federation of Free Trade Zones will help promote the overall liberalization of the world's trade zones. Promote the establishment of free trade zones around the world, so that most of the foreign trade, two-way investment to achieve liberalization and facilitation.

5. China role in today's world

Since 'one belt one road' cooperative initiative was proposed three years ago, more than 100 countries and international organizations have been involved in the cooperation with China so far. Until 2016 July, China's investment in relevant

countries has reached 51.1 billion dollars and China's bilateral trade value with relevant countries has broken by one trillion dollars.

Now, China has established the e-commerce platform with Turkey to make the trade there more convenient, the autonomous nuclear power technology has gone abroad to make more weak nations be able to protect their own countries and what's more, the railway from Yiwu and Chongqing (two main trade cities in China) to Europe have worked, which is a big step for China and Europe getting more relevant and cooperative.

China has taken on the responsibility of its great powers in new vicissitudes of the world and has promised to try its best to make Chinese people and the world more hopeful. China has been trying to make this world more closely, more cooperation. History will not be back, because there are always some nations and countries who fight for the peace, for the equality, for the future quietly trying to make this world more and more peaceful and hopeful.