

China Still 109 Years Behind U.S. & 50 Years Behind Japan

Dong Nan 02/25/2005



He Chuanqi

Photo by Beijing Youth Daily

Cities like Shanghai is booming, but China is still around 100 years behind the US, a recent report indicates.

The eyes of the world have turned to China in recent years as the country has been in the throes of an unprecedented economic explosion and rapid development. Full-scale modernity and prosperity are on the horizon, but for the time being China still lags far behind most developed countries, a report released by the China Center for Modernization under the China Academy of Sciences concluded.

Based on this estimation, the report assessed China would become a “moderately developed country” before 2050. And fuelled by ongoing growth, China should enter the ranks of the world’s top 40 developed countries in the first half of this century, the report said:

Widening gap

“In the last 20 years of the last century, China made great economic achievements, but the absolute gap between this country and developed countries is still growing wider,” it said. The reason is that China’s starting point for economic development was very low and growth came slowly at first.

Between 1960 and 2000, the gap between China and the US expanded 12 fold. In 1960, China’s gross domestic product (GDP) per capita was \$,787 lower than the US and the spread grew to \$33,905 in 2000, even accounting for inflation.

He Chuanqi, director of the China Centre for Modernization Research and leader of the research group that compiled the report told Beijing Today that three groups of data were used to compare China’s level of economic modernization against developed

countries: per capita GDP, proportion of agricultural labourers in the whole working population and the proportion of gross GDP accounted for by agriculture.

In 2001, per capita GDP in China reached \$3,583, a figure the US hit 109 years before. Agricultural labourers made up 50 percent of China’s working population, an equivalent to 1870 America, while agriculture made up 15 percent of the country’s total GDP, a level the US reached in 1914.

“We concluded the general development gap between China and the US is equivalent to around 109 years,” He said. Based on the same equations, China was also 80 years behind Germany, 50 years behind Japan, some 30 years behind Portugal and 20 years behind South Korea, he added.

There is little hope for China bridging the gap this century. Per capita GDP in the US hit \$35,400 in 2002, and if that figure maintained four percent growth, it would increase by \$1,416 every year, He explained. In 2002, China’s GDP per capita was \$960, meaning even at eight percent annual growth, it would only increase by \$77 a year, which works out to taking more than 100 years for China to reach the US’ current level of prosperity.

Three major tasks

The report pointed out that from now through 2050, China faced three great challenges in its modernization drive – improving economic quality, modifying its economic structure and enhancing its international competitiveness.

The development of the Chinese economy accelerated in the 1990s, He noted. On one hand, the country’s rapid industrialization created a lot of wealth, but on the other, due to problems with the distribution of that wealth and the weak social insurance system, the consumption abilities of the masses could not develop as quickly as the economy itself. That in turn has caused supply of many products to exceed demand, which over the long run is a trend likely to continue to hold back economic quality and efficiency.



In 2002, the average GDP per capita in developed countries was \$26,490, about 27 times of that of China (\$960). In other words, if China wanted to improve its economic quality to the level of developed countries in 2002, it must increase its GDP per capita 26 fold, a process that would take the country 49 years at seven to eight percent annual growth, He said.

“The overall economic structure in China is rather weak and the tasks facing us are very challenging, because the costs and risks of improving basic structure are huge and involve redistribution of interests,” he added. According to the report, in 2002, agricultural labourers accounted for half China’s entire working population, while the country’s agricultural sector only contributed 15 percent of its total economy and was 10.2 times less productive than the industrial sector. In developed countries, agricultural labourers on average made up four percent of the workforce and agriculture two percent of the economy, while industry was only two times more productive than agriculture.

If China wanted to reduce the agricultural population to the level of developed countries in the year of 2050, it must move five percent of its agricultural work force to other industries every year. However, in 2002, China had a population of 1.28 billion, greater than the total of all developed countries (0.97 billion), and that number should only keep increasing in the foreseeable future, making the task of better distributing labourers even harder.

To improve her competitiveness on the international scene, the report said, China must improve its market economy system. The report suggested the most urgent tasks for the government were to establish an economic law code and make information more transparent. Another key was to support enterprises able to participate in international competition and push to make more companies and entrepreneurs qualified to do so.

Hard road ahead

“That China will succeed in continuing to modernize should not be taken for granted,” He told Beijing Today, pointing out that in the past 100 years, only around nine percent of the countries of the globe succeeded in realizing true economic modernization.

His research indicates a general path that China may follow in the course of its modernization drive this century. In the first stage, China would move from an undeveloped country to a primary-level developed country around 2020 and then make it into the ranks of mid-level developed countries near 2050. Developed country status could come around 2080, and by the beginning of the 22nd century,

China could stand as one of the most developed countries in the world, the report stated.



Is that a realistic forecast? Only time can tell.

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