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**The People's Republic of China is
Gradually Becoming the World's
Most Important Superpower on
the Asian Continent**

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Prohlašuji, že bakalářskou práci na téma

”The People's Republic of China is Gradually Becoming the World's Most Important
Superpower on the Asian Continent”

jsem vypracoval samostatně.

Použitou literaturu a podkladové materiály
uvádím v příloženém seznamu literatury.

Jindřichův Hradec, duben 2008

podpis studenta

Anotace

The People's Republic of China is Gradually Becoming the World's Most Important Superpower on the Asian Continent

Tato bakalářská práce podává základní údaje o Evropské Unii, Spojených Států Amerických a zejména Čínské Lidové Republice. Dále tato práce tyto 3 mohutné ekonomické celky srovnává pomocí různých ekonomických a sociálních indexů a ukazatelů během posledních patnácti let.

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Za cenné rady, náměty a inspiraci

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LIST OF ABBREVIATIONS

CCP	Chinese Communist Party
CPI	Consumer Price Index
EU	European Union
GDP	Gross Domestic Product
HDI	Human Development Index
P.R.C.	People's Republic of China
US	United States
WTO	World Trade Organization

1 INTRODUCTION

The People's Republic of China is a country which fascinates everybody. It is one of the largest countries in the world with dramatically increasing both the output of various kinds of products and consumption. Although the Chinese economy has a headlong development, it has always ranked among the most powerful world economies. And no doubt, it will be playing one of the leading roles in the future. Nowadays, only the European Union (EU) and the United States (US) could be competing at reaching the strongest world's economy.

Moving from a centrally-planned economy to a market-oriented economy, China put itself into attention not only for foreign investors, but also for a general public. There is a great market, which is so attractive, that it is no secret, China ranks among the strongest importers and exporters. Furthermore, it ranks among the biggest investment receivers.

A huge strength of China's economy is more and more expanding all over the world. Nevertheless, there are not many people summing up current overview of the People's Republic of China. That is why, I have decided to try to provide a certain picture of Chinese economy. I would like to compare it with two other world's players, the European Union and the United States, from different points of view.

I have set down the following aims of my work:

- To describe economic situation of the People's Republic of China based on the latest economic facts
- To compare three superpower economies in last 15 years: The People's Republic of China, the European Union and the United States of America

I would like to introduce China in the first chapter from the geographical point of view, because it is the third largest country of the world, thus, there is not an equal level of development of the areas. I would also like to briefly mention some principal facts about its population, government and economy.

In the next part, I try to shortly describe a long history of China pointing out the last century, especially the 1980's and 1990's, because of this period there were established new reforms which helped China to gain its economic strength back and opened an era of successful trading to all over the world.

Focusing on the most important reforms, I would like to divide the whole process into four phases and briefly describe their impact not only on the Chinese economy, but also on the people's lives. I also mention the special position of western China, the special administrative region of Hong Kong and Taiwan. Then, I would like to emphasize a very important step - joining the WTO. At the end of the theoretical part, there is a brief description of the United States and the EU.

The next chapter, which opens the practical part, deals with key indicators measuring China's economy from different points of view. During searching for data, some problems came up. China does not make public all indicators, sometimes, if so, indicators from some years are missing, or differ from source to source. That is why, I use at least available sources and first concerning China, then the United States and the EU. Thus, I had some problems with statistics in the EU because in some indicators, older data than before 1994 were needed. The reason of non-availability is clear – the EU was established in 1992 and some statistical data are available from only 1994. If the EU data is missing in some graphs, I mention at least the latest data.

First of all, I point out the Gross Domestic Product in varied comparisons. There is the annual growth of GDP at constant prices (thanks to constant prices, we do not count with the inflation, thus, the comparison in long period is more objective). Further, there is GDP in absolute figures and the graph of the development of population both in China and the United States. Combining the last two graphs together, we get the GDP per capita.

From other significant indicators, I have chosen the Consumer Price Index, which shows the increase or decrease of prices. In the United States, the CPI keeps at lower values. But what does the graph show if we add China and the EU?

Further, I would like to mention the exports and imports, and the mutual foreign trade. The first comparison gives us the information, if the country is more export or import oriented. The second one shows to what extent one country is important for the other.

For another comparison, I have chosen the rate of people working in agriculture because China is traditionally an agricultural country, while in the EU and the United States most people work in the tertiary sphere, but they have outstanding output in agriculture.

Last, I would like to add the life expectancy, and population per doctor. These indicators give us a view about the development of these countries. I have chosen an interval of ten years, according to the available data.

2 THEORETICAL PART

2.1 Characteristics of the People's Republic of China



Picture 1: Map of People's Republic of China¹

2.1.1 Basic Facts about China

Geography:

Official name:	People's Republic of China (P.R.C., Zhōnghuá Rénmín Gònghéguó in the Chinese pinyin transliteration system)
Total area:	9,596,960 sq. km
Capital city:	Beijing

¹ *China* [online]. 2008 , March 2008 [accessed 2008-03-07]. Available from: <<http://www.aboutchinablog.com/aboutchina/2007/10/29/map-of-china.gif>>.

Other major cities:	Shanghai, Tianjin, Shenyang, Wuhan, Guangzhou, Chongqing, Harbin, Chengdu
Climate:	Tropical in the south to subarctic in the north; average temperature in Beijing is 26°C in July and -5°C in January
Administrative divisions:	4 municipalities directly under the State Council, 23 regions (P.R.C. considers Taiwan to be its 23rd province)

Located in the east of the Asian continent, on the western shore of the Pacific Ocean. China is the fourth largest country, next to Russia, Canada and United States and has a boundary long 22,000 km (it borders on, for instance, Korea, Mongolia, Russia, Nepal, India and Vietnam). The largest island, belonging to China, is Taiwan, with an area of 36,000 sq km. Nowadays, there is 130 million ha (that is about 36 countries large as Germany) of cultivated land, mainly nearby the largest rivers.

People

Population:	1,324,800,000 ²
Population density:	138 (people per sq km)
Language:	Chinese, many local dialects
Health (2007 est.):	Infant mortality rate: 22.12/1,000, life expectancy: 72.88 years (overall); 71.13 years for males, 74.82 years for females

China is the most populous country in the world and one fifth of the people in the world lives there. The population density is very high and reaches 138 people per sq km. This population is unevenly distributed, because along the east coast there are more than 400 people per sq km, while in some areas in the west less than 10 people live in a sq km.

² *China's population* [online]. 2008, [accessed 2008-03-11]. Available from: <<http://afe.easia.columbia.edu/china/geog/population.htm>>.

Government

Type:	Communist party-led state
Branches:	Executive: president, vice president, State Council, premier Legislative: unicameral National People's Congress Judicial: Supreme People's Court
Political parties:	Chinese Communist Party, 70.8 million members; 8 minor parties under communist supervision



Picture 2: National flag³



Picture 3: National Emblem⁴

Economy

Currency:	1 CNY (yuan)
GDP (2007 est.):	\$ 3.249 trillion (exchange rate based), \$7.043 trillion (PPP)
Per capita GDP (2007 est.):	\$2,453 (exchange rate based), \$5,300 (PPP).
GDP real growth rate (2007):	11,4 %.

³ *Flags* [online]. 2008 , [accessed 2008-03-07]. Available from: <<http://flagspot.net/flags/cn.html>>.

⁴ *National symbol* [online]. 2008, [accessed 2008-03-29]. Available from: <<http://www.national-symbol.com/C/china/china-emblem.gif>>.

Natural resources: Coal, iron ore, crude oil, mercury, tin, tungsten, antimony, manganese, molybdenum, vanadium, magnetite, aluminum, lead, zinc, uranium, hydropower potential (world's largest).

Agriculture: China ranks among the world's largest producers of rice, wheat, potatoes, corn, peanuts, tea, millet, barley; commercial crops include cotton, other fibers, apples, oilseeds, pork and fish.

Industry: mining and ore processing; iron; steel; aluminum; coal, machinery; textiles and apparel; armaments; petroleum; cement; chemicals; fertilizers; consumer products including footwear, toys, and electronics; automobiles and other transportation equipment including rail cars and locomotives, ships, and aircraft; and telecommunications.

Trade (2006): Exports: \$969.3 billion: electronics; machinery; apparel; optical, photographic, and medical equipment; and furniture. Main partners: United States, Hong Kong, Japan, EU, South Korea, Singapore. Imports: \$791.8 billion: electronics, machinery, mineral fuel and oil, chemicals, plastic. Main partners: Japan, EU, Taiwan, South Korea, United States, Malaysia, Australia.

1	World	\$ 65,820,000,000,000
2	European Union	\$ 14,450,000,000,000
3	United States	\$ 13,860,000,000,000
4	China	\$ 7,043,000,000,000
5	Japan	\$ 4,346,000,000,000
6	India	\$ 2,965,000,000,000
7	Germany	\$ 2,833,000,000,000
8	United Kingdom	\$ 2,147,000,000,000
9	Russia	\$ 2,076,000,000,000
10	France	\$ 2,067,000,000,000

Table 1: (2007 est.) GDP (PPP) ⁵

⁵ CIA - *The World Factbook -- Rank Order – GDP (purchasing power parity)* -[online]. 2008 , [accessed 2008-03-02]. Available from: <<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html>>.

2.1.2 Coastal Areas, Fertile Areas and Unique economic Zones

The Chinese coast (14 500 km long) surrounded by the South China Sea, East China Sea and the Yellow Sea gives China a great opportunity for fishery.

Since agriculture is still significant for the Chinese economy, big rivers give a fundamental importance for a successful harvest. There is an extraordinary fertile land, which has caused a high people density, around these watercourses. But water does not only give people work and livelihood but there are also often floods destroying the whole towns. That is why, big dams are built and are used as hydroelectric power plants.

Economic zones provide foreign companies certain benefits (lower duties and tariffs) and are created in terms of a developing industry. These zones are strongly export-oriented and there is the biggest potential, because investments are attracted here. The very areas are the “motor” of Chinese economy. Most zones are at the coast and in cities. ⁶

2.1.3 Brief Introduction into Chinese Economical History

The economy of China has had a dramatic development. It is no wonder, considering the fact, that this country took its political entity at around a thousand years BC. What is more, first records of Chinese civilization are dating back to about 3,500 years, meaning, that it is the oldest continuous civilization on the world. But not only figures are impressive. Just from the beginning China was very powerful. It has discovered a lot of new things, such as paper, gun-powder, china, silk, book printing and compass. That is why, almost official name of historical China was The Empire of the Middle and was highly developed. Although most people were hard working in agriculture, Confucian vision gives them strength to survive.

⁶ *China 2002*. 1. vyd. Beijing : New Star Publishers, 2002. 191 p. ISBN 7-80148-476-2.

China was a very closed country, as well as was its economy. The last dynasty Qing was established by Manchus in 1644 which replaced the successful dynasty Ming and set up the new capital – Beijing. Qing gained territories such as Tibet, Mongolia, or Taiwan.

First Europeans did not come earlier than in the 16th century and their interest in China peaked up in two Opium wars in the middle of the 19th century. Chinese were even in the 15th century much more developed than any other state in Europe, but had never tried to conquer civilization that was not next to China. In the meantime, British and other Western nations gained more power and easily beat China in the First Opium War in 1840. Winners forced China to sign a contract which opened some big harbors and allowed conquerors to obtain commercial privileges, for example, that foreigners were excluded from Chinese law and there were very low tariffs for imported goods.

The Second Opium War followed in a short period but was not so quick, although France, Germany, Russia, and at the end of war even Japan joined Britain. After China lost, its territory was consequently divided among winners. Furthermore, Britain gained Hong Kong for the next 99 years.⁷

2.1.4 Changes in the First Half of the 20th Century

The Qing Dynasty had such a bad position after last events that it was easy to yield to revolutionary ideas of Sun Yat-sen who could declare himself as a new monarch and create a republic. But the Qing dynasty was able to gain a position back and chose the first president. All these turns only deepened the crisis of the people and caused even a deeper backward. The following years were full of changes which culminated in the year 1949 when the Chinese Communist Party (CCP) took control over the most of China.

In the capital, Beijing, on 1st October 1949 Mao Zedong on behalf of the CCP proclaimed the People's Republic of China. This was the beginning of the totalitarian regime and the firm socialism. Of course, the USSR was the example of this vision.

⁷ BAKEŠOVÁ, Ivana. *Čína ve XX. století*. 1. vyd. Olomouc : VUP Olomouc, 2001. 126 p. ISBN 80-244-0251-3.

Everything had changed in term of socialism, but not towards a better situation. The infrastructure was in a bad condition, a high inflation rate annoyed most people, the CCP controlled people by means of military forces the CCP drove out the previous government to Taiwan, where they declared Taipei to be the capital of China. That is why, Taiwan is still known as the Republic of China.⁸

2.1.5 *The Great Leap Forward*

Shortly after the introduction of the Soviet ideology, Mao came up with a new model, because it was clear, that in Chinese conditions, the old one would not work. The program called Great Leap Forward, not based on planned economy as the Soviet model, but on big leaps. A big people mobilization followed to create flood barrages and dikes, backyard factories and communes were formed. But the result of this change led to depression of the whole economy. The efficiency of the economic system dramatically decreased - low quality or useless goods were produced, numbers of industries were disrupted. This situation resulted in a starvation even in fertile areas, and in years 1960 and 1961, died a lot of people, the highest in the history. The Great Leap Forward was unsuccessful.⁹

2.1.6 *The Great Proletarian Cultural Revolution*

Not a long time after a certain recovery, a new president Liu Shaoqi adopted Mao's policy. Afraid of the re-establishing of capitalism in China, inspired by a political situation in Europe or the development in the USSR, a new movement called the Great Proletarian Cultural Revolution was established. The aim was not an economic, but cultural development, practically meaning a political anarchy.

The "arm" of politics were the youth, called Red Guards. Their only aim was seeking for individuals, who were against the regime. But fanatic Red Guards also destroyed lots of culture relics and paralyzed a standing order in the whole country. The situation resulted in the abolition of Red Guards.

⁸ BAKEŠOVÁ , Ivana. *Čína ve XX. století*. 1. vyd. Olomouc : VUP Olomouc, 2001. 126 p. ISBN 80-244-0251-3.

⁹ *Economist* -[online]. 2008 , [accessed 2008-03-22]. Available from: <<http://www.economist.com/countries/China/profile.cfm?folder=History%20in%20brief>>.

2.1.7 Economic Reforms

Since the Chinese economy is socialistic oriented, an important question often raised is: Is a market-oriented reform process compatible with socialism? This is why, in the first stage of the reform process a market is only a supplement to a planned economy. After the so-called socialist market economy is defined, it was possible to launch other deeper reforms which combined central planning with market-oriented reforms. This could link the advantages of both systems.

The government set down fundamental reforms in the 1980's which should have changed the Chinese economy. These move China from a centrally planned economy to a market-oriented economy. The process reduced a state sector at the expense of a non-state sector. Thus, the state is no longer a dominant player in the Chinese economy, but it is still a key player. Releasing the reforms, it happened, that while in a planned economy aims were fulfilled during five-year plan, now in three years. Reforms also firstly stopped and soon dramatically reduced the poverty and at the same time started a significant, long term economic growth.¹⁰

Reforms have the following specific features:¹¹

- Gradualism. Reforms had been tested only in some regions (mostly in cities at the seaside) before they were accepted statewide.
- State ownership. Although there were attempts to suppress socialism, the state did not get off its properties and did not give up a control of the key position in important enterprises. It means that centrally planned economy declined, a competition which stimulates the market-based economy started.
- Decentralization. Reforms did not cause absolute loss of a state control at a time, but it did in steps. This could be seen in state investments and an allocation of raw materials which led to a more effective source-distribution.

¹⁰ *China 2002*. 1. vyd. Beijing : New Star Publishers, 2002. 191 s. ISBN 7-80148-476-2.

¹¹ TONG, Donald D. *The heart of economic reform*. 1st edition. Hampshire : Ashgate Publishing, 2002. 202 s. ISBN 0-7546-1440-9,

World Bank. *China 2020*. 1st edition. Massachusetts: The World Bank, 1997. 161 s. ISBN 0-8213-4042-5

- Household responsibility. It was a kind of company that could not be supported by subsidies and worked under a strong competition. On the other hand, a household responsibility meant a desired independence.
- Open economy. A certain part of the economy was opened to foreign trade and investments. It encouraged private companies but these were a subject to a number of restrictions.
- Agricultural land ownership. The land was owned by the government but households could, in contrast to the period before the reforms, decide what and how much to grow.

Factors positively influencing reforms:¹²

- Physical infrastructure. It is positive not only for flows of goods and information but also for the development of cities. This played the key role in China.
- Chinese minorities. In special economic zones, the open policy attracted investors who brought huge investments, information about overseas markets and know-how.
- Backwardness. Most people in the 1980's lived in provinces and the countryside and were not so much influenced by reforms or accepted changes positively because people could be more independent.
- Readiness for reforms. Although there was no obvious reason for reforms from the macroeconomics point of view (for example, China had a low public debt and inflation, economic growth around 6%), an inefficiency of allocation resources, most investments into only heavy industry, bad social situation, lack of consumer's goods etc indicated a need of changes which penetrated into population. People were no longer satisfied with the then system at all and wanted a higher living standards and more independence.

¹² World Bank. *China 2020*. 1st edition. Massachusetts: The World Bank, 1997. 161 s.
ISBN 0-8213-4042-5.

2.1.8 Four Phases:¹³

There are four phases gradually adopted. Aims of reforms were forming in the course of time.

1 Early Years of the Reforms (1978-1984)

- The aim of this phase was to recover the Cultural Revolution, accept a household responsibility system (adoption a decentralization and the price reform (increasing the level price, mainly for agricultural products). The People's Bank of China was established and was attended as Central Bank, after that were founded other banks, for instance, The Agriculture Bank of China, The Bank of China.
- Thanks to the elimination of restrictions and the decentralization authority in the agricultural sphere, the industry amplified. Thus, the demand for financial services dramatically raised and it strongly stimulated the whole China economy.
- Beginning 1980, China established five special economic zones and in 1984 opened 14 coastal cities to the outside world, for instance Shanghai, Nantong and Yantai.
- Investments and savings dramatically increased because the decentralization put resources to households and these gave huge amount of money into banks which could invest. This dramatically accelerated China's economy.

2 Reforms in Industry (1984-1988)

- The second phase was aimed at reforms in the industry to diversify companies to have higher profits. The dual price system and the system of rewarding companies according to their efficiency were launched. Program of canceling of the monobank system and opening coastal cities was finalized.
- The People's Bank of China became a real central bank (it got off commercial activities) and another commercial bank was established (fourth in order).

¹³ TONG, Donald D. *The heart of economic reform*. 1st edition. Hampshire : Ashgate Publishing, 2002. 202 s. ISBN 0-7546-1440-9

- Chinese companies could lend money to invest into their own businesses which along with the decentralization attracted other foreign companies. In the special zones were created swap centres to merchandise with a foreign exchange.

3 Stabilization of the Economy (1988-1991)

- The announced price reform was stopped as well as introduced reforms. It was the result of the overheated economy because a dramatical increasing of the demand and the production led to the double-figure inflation. The Chinese government had to take a stabilization program to control the high inflation, thus, the Chinese economy considerably slowed down. The situation calmed down, price level did not grow up but a significant loss affected not only companies, but the social situation became more tense too.
- During 1990-1991, a new monetary and investment policy was introduced, including the establishing of financial markets. The Shanghai Stock Market Exchange was opened and the Shenzhen Stock Exchange was deeply reorganized. The economic situation in China was stabilized.¹⁴

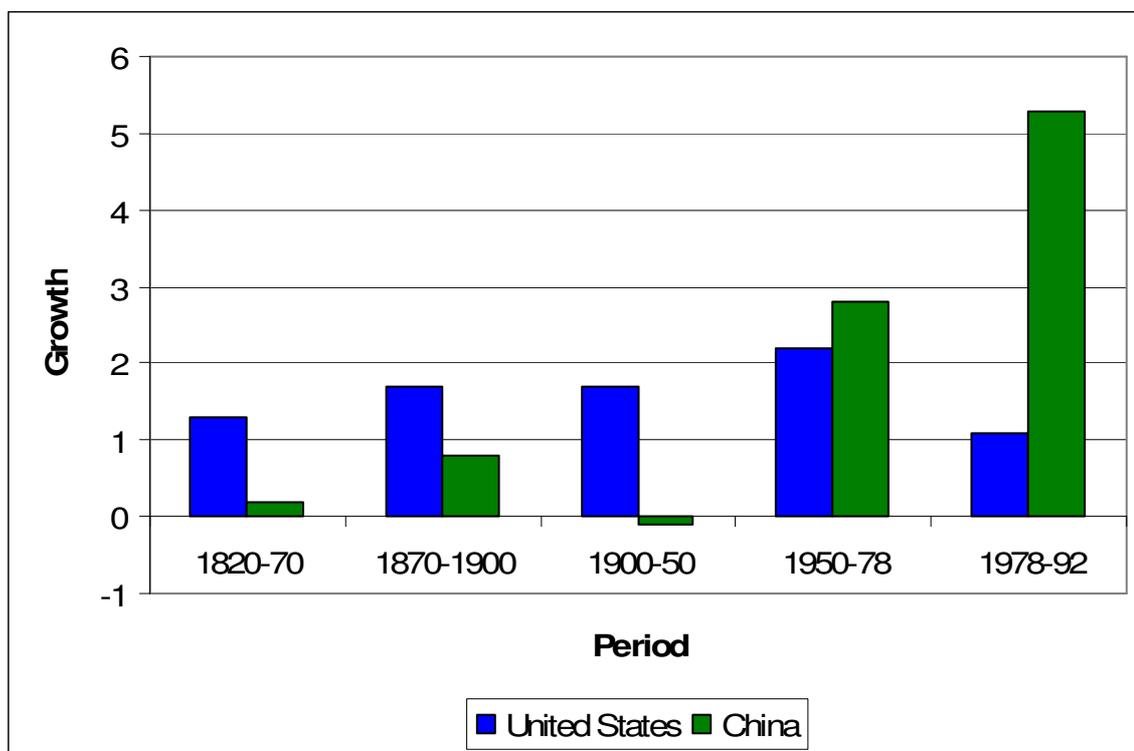
4 Deepening Financial Reform (1991-today)

- The last phase of the reform period is described as a comeback of reforms and continuing to a deeper opening to the world. The Communist Party claimed that market-oriented policy was compatible with the socialist ideology and created the socialist market-oriented economy. Trade, social and financial reforms were accelerated and a juridical reform was launched. Along with these changes, an emphasis of the liberalization was not forgotten.
- Chinese access to the World Trade Organization (WTO) was another significant step of Chinese economy. After that changes were accepted in a currency exchange and banks, foreign trade and financial systems. The financial reform consisted of four parts which should secure another significant increase of the Chinese economy:
 - (1) Separating a policy lending from a commercial lending
 - (2) Deregulating banks and establishing new ones

¹⁴ *U.S. Department of State* -[online]. 2008 , [accessed 2008-03-11]. Available from: <<http://www.state.gov/r/pa/ei/bgn/18902.htm>>.

(3) Improving the legal framework of the financial system

(4) Developing financial markets



Graph 1: The average annual growth of GDP per capita (%)¹⁵

2.1.9 *Consequences of the Reforms*

In the 1980's, reforms increased agricultural output by 10%, incomes doubled, the light industry grew. In the late 1980's, Chinese economy overheated, the inflation rate dramatically increased. The stabilization process in the form of price reforms was successful.¹⁶

2.1.10 *The Development of Western China*

Eastern China has always been more successful part of Chinese economy but there have always been better possibilities of a growing. Even after reforms, western China could

¹⁵ World Bank. *China 2020*. 1st edition. Massachusetts: The World Bank, 1997. 161 s.

ISBN 0-8213-4042-5China 2020

¹⁶ *U.S. Department of State* -[online]. 2008 , [accessed 2008-03-11]. Available from: <<http://www.state.gov/r/pa/ei/bgn/18902.htm>>.

not be a competitor of the eastern part. That is why, in 2000, a program of developing the west started.

According to the statistics, in western China, more money was invested than in the rest of China. Various projects were launched, the government offered help in term of investments to the environment, opening economy, changing tax policy, and giving regions more independence.¹⁷

2.1.11 Hong Kong

The special administrative region is located on the south-east of China. It had been part of China since its foundation but after the Opium War it was occupied by Britain. At the beginning of the 20th century, Hong Kong prospered and turned into a trade center. After half a century, the area was extensively industrialized, new ports were built, and an airport was extended.

China is a key partner of not only Hong Kong's economy. Most of semi-products processed in Hong Kong come from China. It is one of the most prosperous regions in the world, the economy growth increases by 10% and is financed from the reinvesting of profits. Its foreign trade exceeds larger economics, for example Chinese, Indian, and South African Republic.

On 1st July 1997, China took over the government in Hong Kong, up to this date under Britain control for 99 years. China also promised that it would keep the capitalist ideology for 50 years and thus, the economic power of Hong Kong was politically admitted.

2.1.12 Taiwan

The island to the south-east of the Chinese mainland, the area of which is as large as half of the Czech Republic, is also known as Ilha Formosa (the Portuguese for: "beautiful island"). Taiwan is a kind of politics anomaly. It is one of the front trade countries but only a few governments have acknowledged it. Taiwan is also one of the most significantly developing industrial countries.

¹⁷ *China 2002*. 1. vyd. Beijing : New Star Publishers, 2002. 191 s. ISBN 7-80148-476-2.

Taiwan had always been a Chinese territory, until Japanese gained it in a war at the end of 19th century. But not for long time. After The Second World War Taiwan was returned to China. With the help of the United States, a new government in Taiwan started to build a very flourishing economy. The local export and manufacturing zones belong to the most successful in the world. But in contrast to Hong Kong, Taiwan does not intend to make a closer connection with China.

2.1.13 *China and the WTO*

After stretched negotiations, on 11th December 2001, China formally joined the WTO as the 143rd member. It was not the only important organization China had entered (for example, International Monetary Fund, Asia-Pacific Economic Cooperation). Joining the WTO, Chinese government made another big step towards the trade liberalization and the economic globalization. Before joining the WTO, China had to change lots of laws and regulations to be conformed with the organization. These revisions concerned, for example, decreasing tariffs, opening-up in terms of free imports and exports. On the pages of U.S. Department is said that by the year 2005, average tariff rates on key U.S. agricultural exports dropped from 31% to 14% and on industrial products from 25% to 9%. The agreement also opens up new opportunities for U.S. providers of services like banking, insurance, and telecommunications.¹⁸ But China has also opened its market mainly to the EU and Japan meaning for example a nullifying all reductions for the import.

These changes have had an indirect influence on the growth of the Chinese economy, below are mentioned some direct ones:

- China has turned to a strongly export oriented country which means that goods sold to other countries dramatically contributes to China's GDP.
- Some WTO members still have some confinement on Chinese goods, although China is a member too. But each country within this organization must have the same conditions for other countries, thus, every measure towards China must be abolished.

¹⁸ U.S. Department of State -[online]. 2008 , [accessed 2008-03-11]. Available from: <<http://www.state.gov/r/pa/ei/bgn/18902.htm>>.

- As the restrictions against are canceled, Chinese economy is dramatically growing. This improves both, social situation, and a decreasing lack of technological development.¹⁹

2.1.14 China Overheating Economy

Thanks to the reforming process launched in the 1980's, people started thinking that good times would last forever. But the "miracle economy" will not last forever in the same rate. For example, investments in 2003 in the steel industry grew by 97%, which is alarming.

The situation can be the same as in Japan in the 1980's. The dramatical rise of yen pushed real estate and stock prices to excessive levels, which only proves that the growth rate must be stable and not that fast.

The Chinese real economic growth has averaged more than 10% (see chapter GDP: growth rate, p. 24) for the last 4 years, which is more than expected. Everyone is afraid of a hard landing of the Chinese economy. Nowadays, China is one of the key players of the world's economy. Many companies are investing in China and bet on its extraordinary and stable growth. But in the early 2007, the two major stock markets in China remarkably dropped and many investors feared that this could be a start of the end of China's outstanding development. As the time showed later on, there is no need to be afraid. Not exactly now.²⁰

¹⁹ *China 2002*. 1. vyd. Beijing : New Star Publishers, 2002. 191 s. ISBN 7-80148-476-2.

²⁰ *China's overheating economy* -[online]. 2008 , [accessed 2008-03-07]. Available from: <http://www.chinarevaluation.com/history_of_growth_chinas_overheating_economy.shtml>.

2.2 Characteristics of the United States



Picture 4: Map of the United States²¹

Area:	9,826,630 sq km
Population:	301,139,947
Government type:	Constitution-based federal republic
Capital:	Washington, DC
Administrative divisions:	50 states and 1 district
Budget:	<i>revenues:</i> \$2.568 trillion <i>expenditures:</i> \$2.731 trillion

The United States of America is the third largest country and the fourth populous in the world. The US consists of three different parts without any territorial integrity- continental states, Alaska and the Hawaiian Islands. Because of the large size nearly each type of climate is represented- from polar in Alaska to tropical in Hawaii.

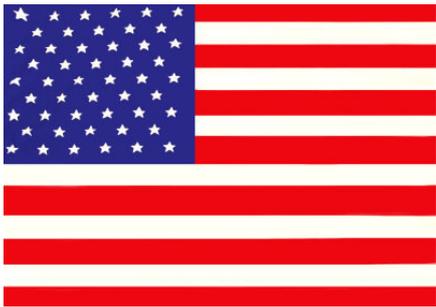
The U.S. has the largest and most technologically powerful economy in the world, with a per capita GDP of \$46,000 which makes them one of the richest countries. The economy is strongly developed, among the most important industries rank

²¹ CIA - The World Factbook – United States -[online]. 2008 , [accessed 2008-03-11]. Available from: <<https://www.cia.gov/library/publications/the-world-factbook/geos/us.html>>.

telecommunications, aviation, aerospace, car, chemical, electronics and computer industries.

The liberty is among others the symbol of the United States, that is why, companies have a competitive advantage (in terms of expanding, laying off workers, for instance), compared to China, the European Union, or Japan. But at the same time, foreign companies have an advantage when entering the U.S. market.

The United States provides 70% of the world's export of corn, nearly 40% wheat, and 31% cotton. It also ranks among leading producers of wood, beef, and cheese. Despite the above-mentioned figures, its agriculture produces only 0,9% of GDP. The US economy is very fueled by giant natural resources, for instance coal, uranium, gold, iron, timber and lead. Another important resource is petroleum. Although oilfields are the seventh biggest in the world, the US has the largest capacity of oil processing.²²



Picture 5: The US flag²³

²² CIA - *The World Factbook – United States* -[online]. 2008 , [accessed 2008-03-11]. Available from: <<https://www.cia.gov/library/publications/the-world-factbook/geos/us.html>>.

²³ *The U.S. flag* -[online]. 2008 , [accessed 2008-03-29]. Available from: <<http://www.kitesurfadicora.com/usa-flag.gif>>.

2.3 Characteristics of the European Union



Picture 5: Map of the EU²⁴

Area:	4,324,782 sq km
Population:	490,426,060
Political structure:	Hybrid intergovernmental and supranational organization
Capital:	Brussels (Belgium), Strasbourg (France), Luxembourg
Member states:	27 countries
Budget:	N/A

In 1951, nobody could guess, that from an economic agreement of the six coal and steel industries (Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands) could develop a world superpower consisting of 27 countries – the European Union.

²⁴ CIA - *The World Factbook – European Union* -[online]. 2008 , [accessed 2008-03-11]. Available from: < <https://www.cia.gov/library/publications/the-world-factbook/geos/ee.html>>.

But the way of establishing this supranational organization was not so easy. The community was extended as late as in 1973. First, in that year Denmark, Ireland, and the United Kingdom joined the whole, and seven years later Greece became a new member, then, in 1986, this community was joined by Spain and Portugal. The European Union itself was established in 1992. Although the EU is not exactly a federation, it is not only a free-trade association.

Even though the EU belongs to the world's superpowers and is one of the most technologically advanced unit, there are great differences between its individual members. For example, the GDP per capita in Romania and Bulgaria is \$ 11,100 resp. \$ 11,800, but the same indicator in Luxembourg reaches \$ 80,800, which is the best world wide.

The aims of the EU are, for instance, lowering trade barriers, and adopting the Euro, which is the second most important currency in the world's monetary system. A common European currency was launched in 1999 and became the monetary unit in almost each country of the EU- except the United Kingdom, Sweden, and Denmark. The real bank notes and coins have been used since 2002. Nowadays, 15 countries within the EU have the Euro as their national currency.²⁵



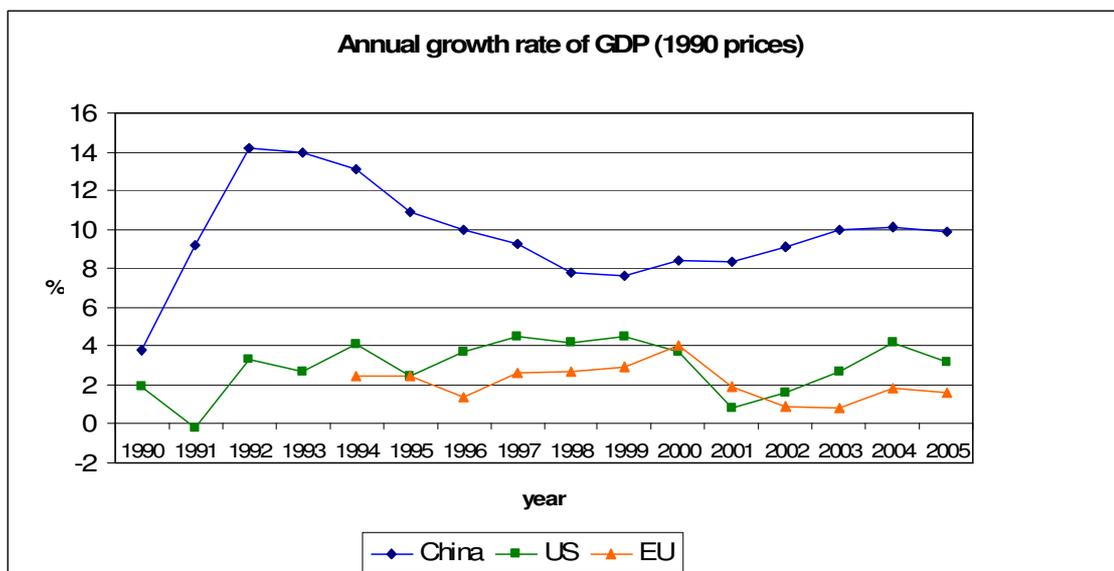
Picture 6: The flag of the EU²⁶

²⁵ *CIA - The World Factbook – European Union* -[online]. 2008 , [accessed 2008-03-11]. Available from: < <https://www.cia.gov/library/publications/the-world-factbook/geos/ee.html>>.

²⁶ *The EU flag* -[online]. 2008 , [accessed 2008-03-29]. Available from: < <http://www.euro.cauce.org/images/flags/eu-flag.gif>>.

3 THE PRACTICAL PART

3.1 The Annual Growth Rate of GDP at Constant Prices (1990)



Graph 2: Annual growth rate of GDP ²⁷

The graph points out the annual GDP growth rate of the economies of China, the United States, and the European Union between the years 1990 (1994) and 2005. While China has kept the exquisite rate of average growth of the GDP, both the United States and the European Union have been deep under this level.

I suppose the following reasons can explain the awesome performance of the Chinese economy:

- Investments. After the stabilization of the economy in the third step of the reform period (see chapter Economic Reforms, p. 12), success of the fourth phase furthered by joining the WTO, and creating special economic zones,

²⁷ United Nations Statistics Division - Common Database : United Nations Common

Database (UNCDB) -[online]. 2008 , [accessed 2008-04-02]. Available from: <

<http://unstats.un.org/unsd/snaama/selectionbasicFast.asp>>,

data for the EU: *OECD Economic Outlook* -[online]. 2008 , [accessed 2008-04-02]. Available from: <

http://www.oecd.org/document/61/0,3343,en_2649_201185_2483901_1_1_1_1,00.html>

China has been more and more opening to foreign trade. Thus, there are more investments into this Asian superpower.

- Reduction of poverty. Improving the economy, more independence even for households, more efficient subsidies have helped to reduce poverty for about 70% from the year 1980.²⁸
- Diversification of export. China has not only opened itself to the world, but the world has also let China on its market, especially after the WTO access. China could better get on the European market where is fighting for bigger share thanks to lower prices.

But a high growth rate of the GDP does not mean only advantages for the Chinese economy. Although it can, for example, raise inflation and may cause recession (see chapter China overheating economy, p. 19), as it can be seen from the graph, inflation in China has been kept at low values for the last 10 years (see chapter CPI, p. 30).

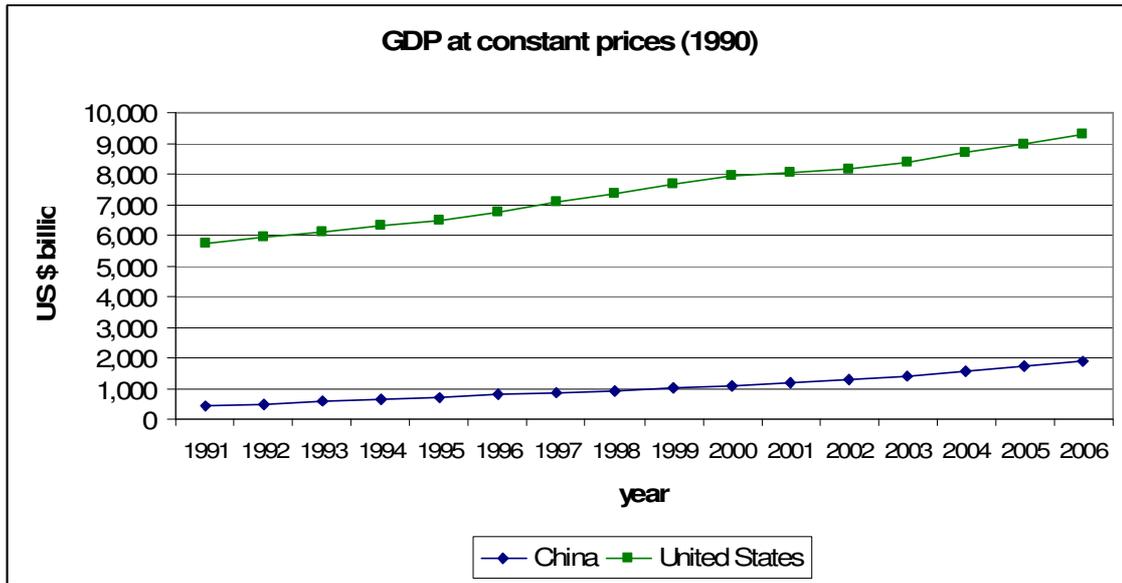
The Chinese GDP is really dramatically growing, while the EU's and the United States' growth rate keeps improving at around 2-3%. In contrast to these economies, there can be seen an excellent performance of China. The even growth also shows China as a relatively stable economy, while the United States has struggled with economic consequences of the terrorist attacks from 2001 and the wars in Afghanistan and Iraq. It must also be mentioned that while the EU and the U.S. economies are highly developed, the Chinese one is still developing. This gives China more space to expand.

According to the CIA Fact Book²⁹, China was on the ninth place in the rank order, while EU occupied on 164th place and the United States was even on 184th place in 2007.

²⁸ World Bank. *China 2020*. 1st edition. Massachusetts : The World Bank, 1997. 161 s. ISBN 0-8213-4042-5.

²⁹ CIA - *The World Factbook -- Rank Order – GDP – real growth rate* -[online]. 2008 , [accessed 2008-04-04]. Available from: < <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2003rank.html>>.

3.2 GDP at Constant Prices (1990)



Graph 3: GDP at constant prices³⁰

In order to be able to better compare more economies, I would like to mention the GDP in absolute numbers to show another point of view on the GDP indicator. I have chosen the type measuring GDP according to the constant prices from 1990, because it does not include inflation. Thus, we can easily compare this index within a long period.

Although the growth rate of the Chinese economy is very dramatical, much more than the growth rate of the United States, when absolute figures are taken into consideration, China falls far behind. The more we look back to its history, the greater is the difference. Thanks to the reforming process, the situation is getting better for China but as we can see from the graph, it will take a lot of years before China catches up the United States.

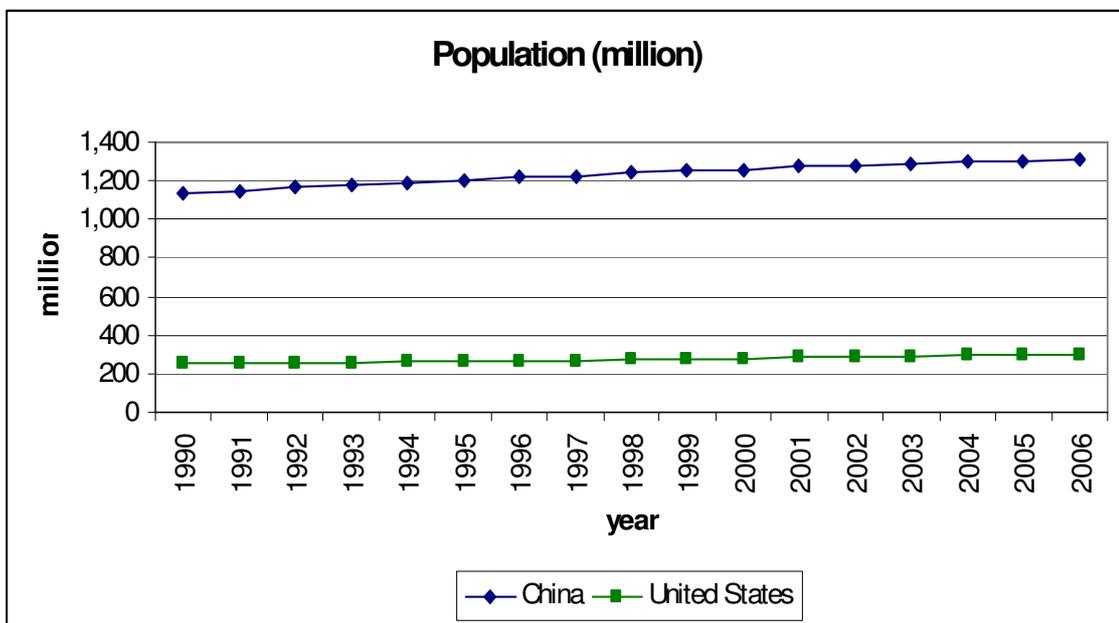
While in 1991 the United States started at the value of nearly 6 trillion US dollars, China produced goods and services for only US \$ 441 billion, which means 14 times less. After 15 years of Chinese brilliant improvement of its economy, this Asian superpower enhanced its GDP 4 times, while the United States not even doubled its fifteen-year-old value.

³⁰ *United Nations Statistics Division - Common Database : United Nations Common Database (UNCDB)* -[online]. 2008 , [accessed 2008-04-02]. Available from: <
<http://unstats.un.org/unsd/snaama/selectionbasicFast.asp>>

When comparing according to the GDP (Purchasing Power Parity), a significant finding comes up. According to CIA ranking from 2007, the first three countries - the European Union (14.450 trillion US \$), the United States (13.860), and China (7.043) covered more than one half of the world's GDP (US \$65.820 trillion).

3.3 Population

Although the GDP reaches giant values in China and the United States, to better understand the graph, showing the per capita GDP and discovering huge differences, it is useful to look at the following table with population first.



Graph 4: Population ³¹

The area of both China and the United States is about 9 million square kilometers, but more than 1/5 of the world's population lives in this Asian superpower, while the population of the United States is 300 million people only. A rapid increase of the Chinese was stopped in the 1970's. While from 1950 to 1970 the number of people

³¹ United Nations Statistics Division - Common Database : United Nations Common Database (UNCDB) -[online]. 2008 , [accessed 2008-04-02]. Available from: <
<http://unstats.un.org/unsd/snaama/selectionbasicFast.asp>>

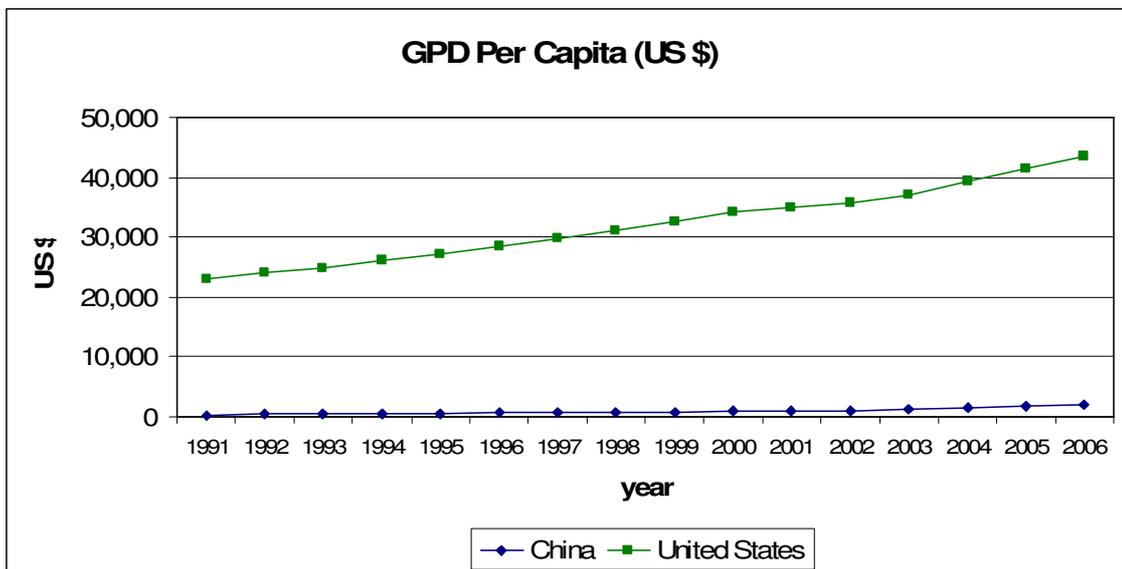
increased from around 550 million to 800 million (by 45%), in the next period of 20 years it was only by 37%, thanks to a new policy of population growth.

The reduction of population growth is based on the one-child-policy. As the name of the programme is telling, an urban family is allowed to have only one child. There are some exceptions in rural families or ethnic groups, but the policy has helped to stabilize the growth. According to the government plan, population in the year 2010 should not exceed 1.4 billion (increase by 27% from 1990).³²

The U.S. does not need such policy because the population has been growing in the stable increase rate of 1% for 15 years. In the EU the growth is mainly given by the accessing of new members. In 2007, the population in the EU flowed under half a billion people (490.424 million) and the annual growth rate achieved only 0,16%.

3.4 GDP Per Capita

Putting the two graphs with the GDP and population aside, the new graph shows how much of the GDP is made on average by one person.



Graph 5: GDP per capita³³

³² *China 2002*. 1. vyd. Beijing : New Star Publishers, 2002. 191 s. ISBN 7-80148-476-2.

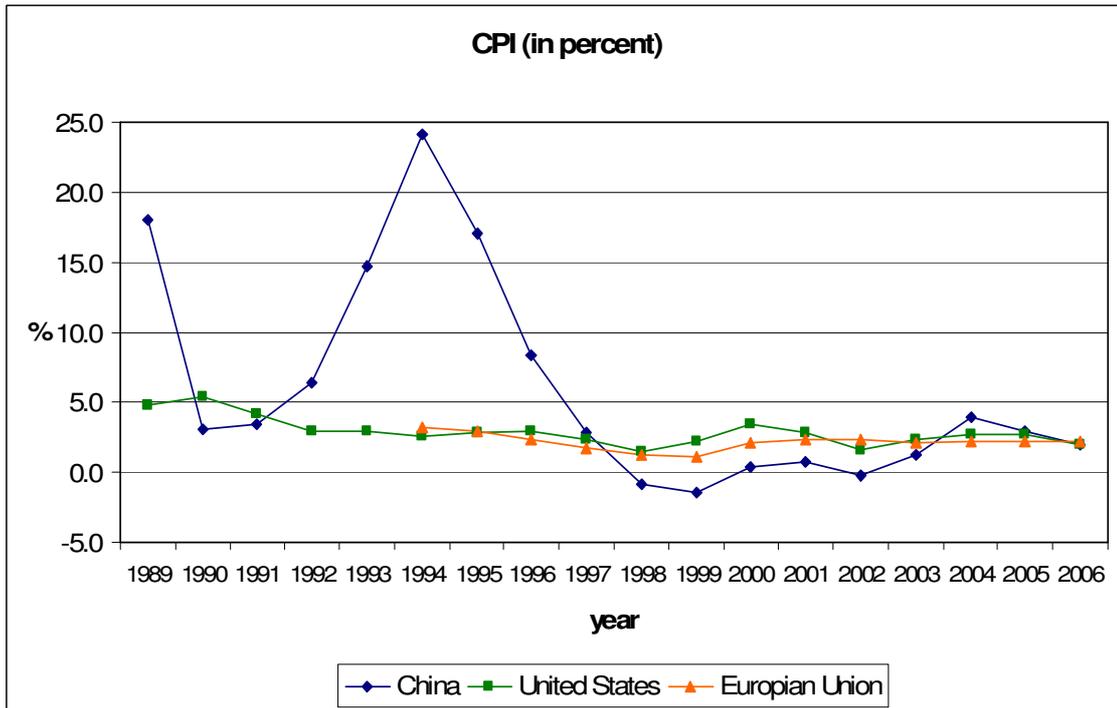
³³ *United Nations Statistics Division - Common Database : United Nations Common Database (UNCDB)* -[online]. 2008 , [accessed 2008-04-02]. Available from: <
<http://unstats.un.org/unsd/snaama/selectionbasicFast.asp>>

After studying the previous graphs, this one, showing a great difference between China and the United States, is not surprising. In this diagram we can clearly see, better than in others, a significant improvement of China's economy. The advance is mainly given by the one-child policy (no rapid growing of population) on the first hand, and the outstanding output of the whole Chinese economy on the other.

In the last 15 years, the United States managed to double its GDP per capita to more than \$43,000 in 2006. Nowadays, the United States is at the ninth place CIA ranking of the world's GDP per capita (2007). Although China is down on the 131st place (out of 230 totals) in the same rank, it has made a much greater improvement. While in 1991, China had 62 times lower GDP per capita than the United States, in 2006, the difference was only 21 times lower, which is an incredible achievement.

The EU - as a unit - occupies 37th place with its \$ 32,900 in CIA ranking in 2007 but I would like to point out the differences in individual countries. For example, in Romania, GDP per capita is \$ 11,100, but the same indicator in Luxembourg reaches \$ 80,800, which is the best world wide.

3.5 Consumer Price Index



Graph 6: CPI ³⁴

The relatively stable development of the inflation of the United States and the EU is in a sharp contrast to the progress in China. Especially, in the years 1989 – 1997, there were dramatic changes. First, the end of the third phase of economic reforms (1989-1991) shows a deep underflow, from a very high inflation of 18% to a common value of 3% thanks to certain stabilization rather than great changes. I would say that a high rate of the previous reforms, which had caused a significant growth of the Chinese economy, then created this high CPI index.

The beginning of the fourth phase, which brought another wave of reforms, started again a high inflation, which peaked in 1994 at 24%. In the following years, the CPI was dropping until it reached -1.4% in 1999. Since 2000, the situation has been stable.

³⁴ *United Nations Statistics Division - Common Database : United Nations Common*

Database (UNCDB) -[online]. 2008 , [accessed 2008-04-02]. Available from: <

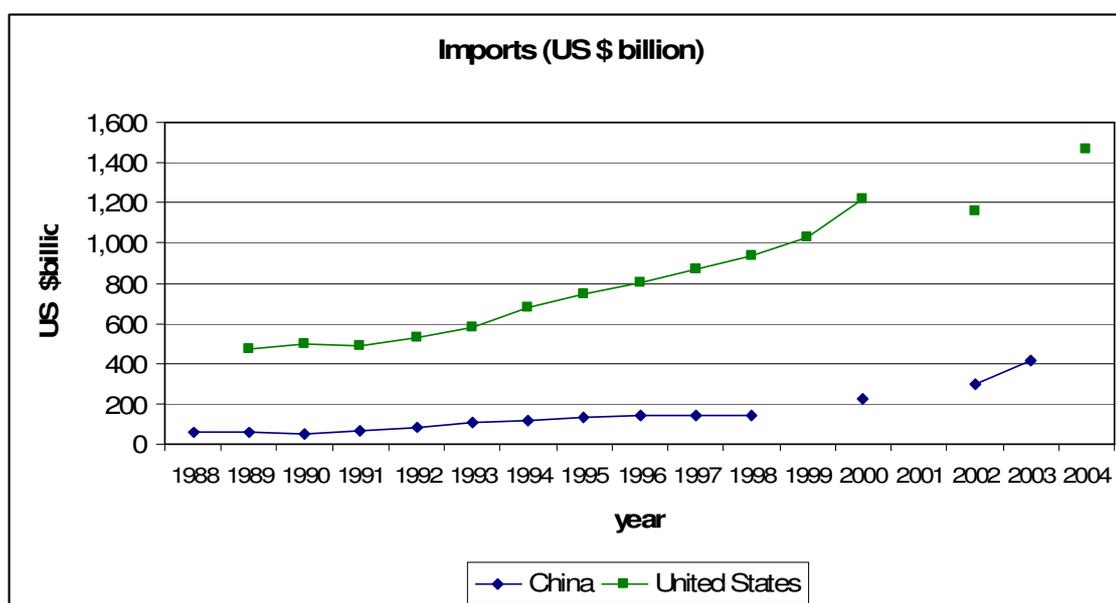
<http://unstats.un.org/unsd/snaama/selectionbasicFast.asp>>,

data for the EU: *OECD Economic Outlook* -[online]. 2008 , [accessed 2008-04-02]. Available from: <

http://www.oecd.org/document/61/0,3343,en_2649_201185_2483901_1_1_1_1,00.html>

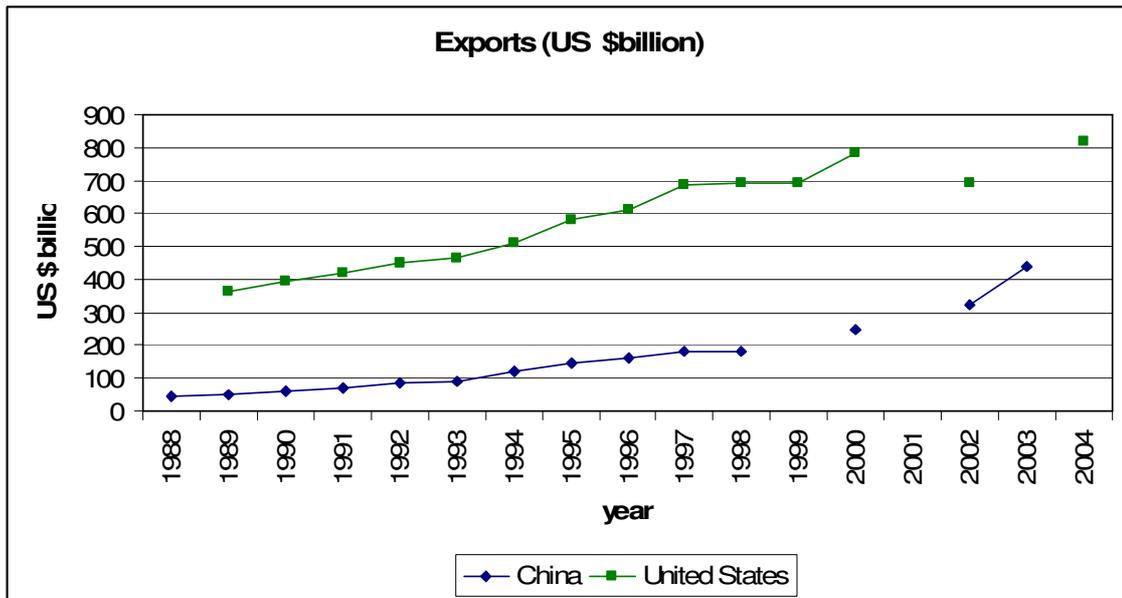
Since the data concerning the EU have been available, the inflation is oscillating around 2.2% and in the United States, the CPI reaches 2,9% without any sharp fluctuation. From the year 2000, the CPI in these three countries has been in positive numbers, but on different levels. In 2002, the lowest inflation in China suddenly rose to 3.9% in 2004 and for two years it jumped over both the United States and the EU. Since then, the inflation has been in similar values. The wild development of the inflation in China has calmed down.

3.6 Imports and Exports



Graph 7: Imports ³⁵

³⁵ United Nations Statistics Division - Common Database : United Nations Common Database (UNCDB) -[online]. 2008 , [accessed 2008-04-02]. Available from: <
<http://unstats.un.org/unsd/snaama/selectionbasicFast.asp>>



Graph 8: Exports ³⁶

Comparing two or more countries, we should not forget their imports and exports. As we can see from the graph, there are great differences not only between a total amount of goods and services imported and exported in China and the US, but their structure is rather different, too.

In this chapter, I would like to point out the following two cases:

1. China falls deep behind the United States
2. China is rather a country of exports, the US is definitely a country of imports

Although Chinese products are expanding all over the world, this Asian superpower cannot half compare with the United States. For example, Chinese imports in 2002 made up US \$295 billion only, the US imports reached US \$1,161 billion. The difference in exports in the same year is not so dramatical, China managed to export half of the United States, exactly US \$326 billion.

In my opinion, the situation was partly influenced by the structure of the exports. While China exported mainly cheap goods, for instance textile, electrical products, and steel,

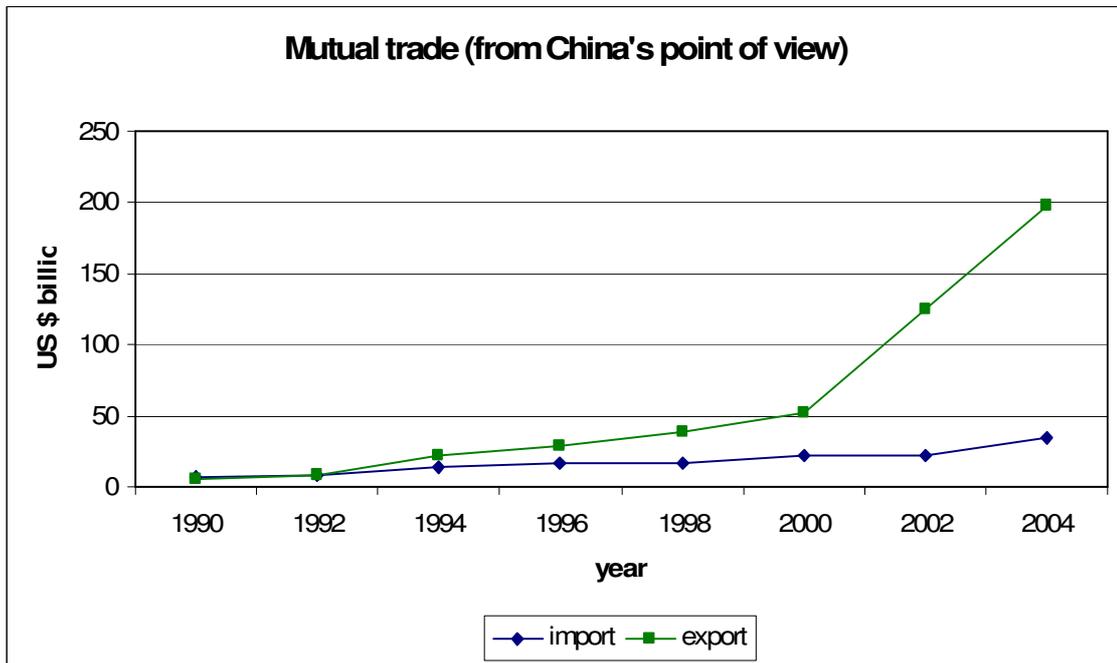
³⁶ *United Nations Statistics Division - Common Database : United Nations Common Database (UNCDB)* -[online]. 2008 , [accessed 2008-04-02]. Available from: <
<http://unstats.un.org/unsd/snaama/selectionbasicFast.asp>>

which means goods with a low value added, the United States offsets cars, medicines, aircraft, and computers.

Nowadays, the situation is totally different. Mainland China radically raised its imports, as well as exports. In 2007, the imports to China are estimated to be US \$917.4 billion and those imported to the United States reached US \$1.987 trillion. In the same year, the exports from China exceeded the exports from the United States (US \$1.221 trillion resp. \$1.14 trillion). The exports and imports of the EU reached US \$1.33 trillion resp. US \$1.47trillion in 2006. The external exports within the EU are not counted. Despite that, the exports of the EU are the highest in the world, mainly thanks to Germany.

Since 1993, China has been a country of exports. Nowadays, the difference is even greater and exports are twice higher than imports. It could be explained by the fact that many investors invest in Chinese factories, which are more efficient and can now produce larger amounts of goods. This situation is in contrast to that in the United States. As it is a highly developed country, its people can invest in any foreign country, even in China. Thus, higher imports are performed thanks to the income from these investments.

3.7 Mutual Foreign Trade



Graph 9: Mutual trade³⁷

Once I have mentioned the imports and exports, it may be interesting to look at their mutual foreign trade. The graph shows the trade between China and the United States from China's point of view. I have chosen the absolute numbers, because there can be clearly seen the difference in the exports and imports.

The United States is a fundamental partner for China and it imports between 12.3% and 8% of all imported goods and services. The development is not so dramatical and we can see a slight growth but only until we have a look at the absolute numbers. Although the imports to China from the United States dropped from 12.3% in 1990 to 8% in 2004, the volume of imported goods and services in US \$ radically rose from 6,561 million to 34,402 million in 2004. The biggest jumps can be noticed between the years 1998 and 2000, and 2002 and 2004 (while in relative numbers, the imports slightly decreased).

On the other hand, the development of exports is wild and the importance of the United States for China has risen even in relative numbers. The share was growing from 10.1% in 1992 to 21.1% in 2004. And the increase is bigger, if we look at the absolute

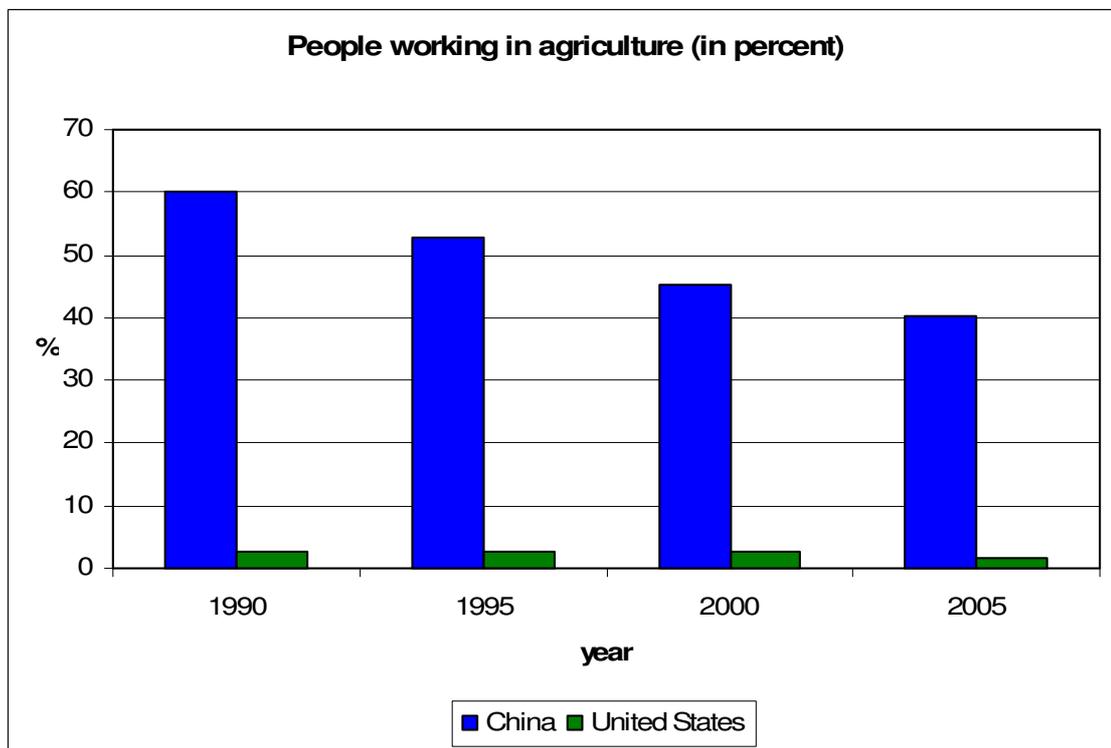
³⁷ *Encyclopaedia Britannica : Book of the year 1991-2007*

numbers, where we can see the unbelievable rise of the Chinese export to the United States. For example, the growth improved 2.4 times between 1992 and 1994, and 2000 and 2002. In total, it was growing from US \$5.149 trillion to US \$197.121 trillion.

The United States is a key partner for the EU exports, while the European superpower exported the total amount of goods and services to the United States for more than one fifth (23.3%) of US \$1.33 trillion in 2006. In the opposite direction, from the United States to the EU the total imports reached 13.8% of US \$1.466 trillion.

Another important partner of the EU is China. With 4.8% of total exported goods and services from the EU, China is the fourth receiver in the EU rank. Talking about imports, the EU receives 13.4% of the total imported goods and services from China in 2006.

3.8 Agriculture



Graph 10: People working in agriculture³⁸

While China is a traditional country of agriculture – it is known mainly for its cultivation of rice, the EU and the United States rank among the highly developed

³⁸ *Encyclopaedia Britannica : Book of the year 1991-2007*

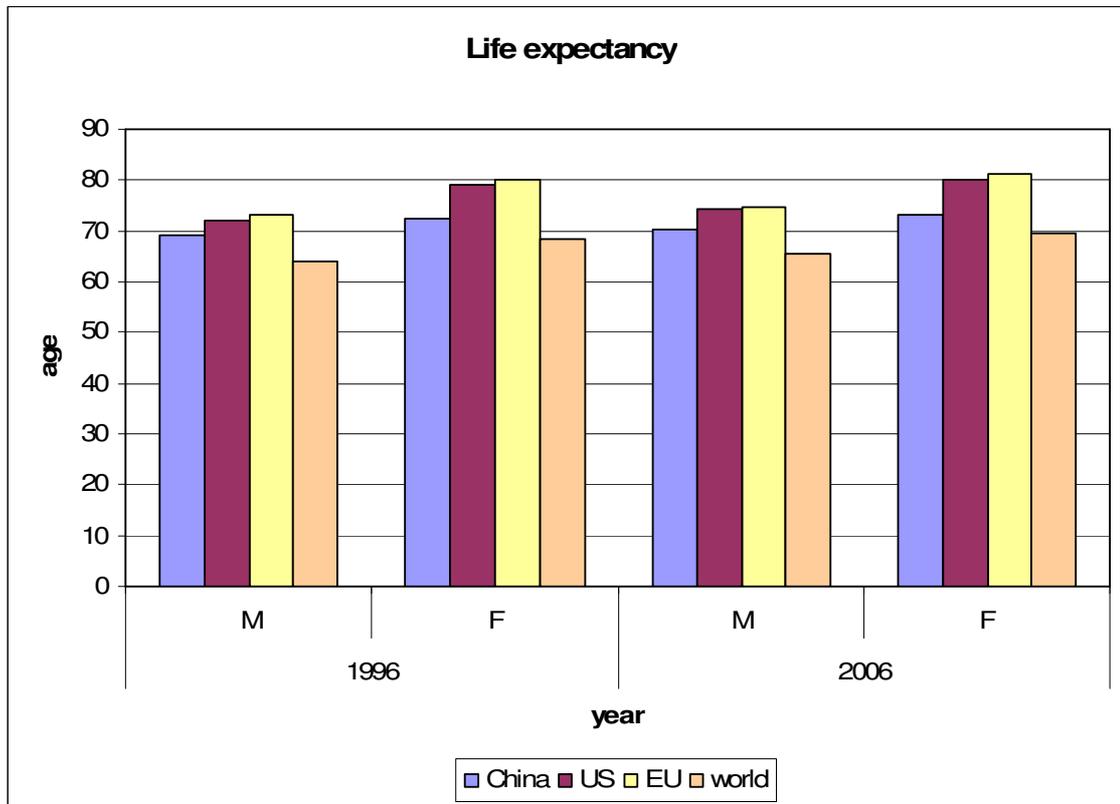
countries. It is interesting to compare these three countries from the point of view of agriculture.

Although China ranks among the world's largest producers of rice, potatoes, and tea, China's agriculture employs a lot of people, around half a population. The share of people working in the fields is slowly decreasing, from 60% in 1990 to 40% in 2005. But speaking in the absolute numbers, the number of people in agriculture is almost the same in this period – around 335 million. This means that people are changing their jobs not only within the primary sphere but also that they are moving from rural areas to towns and cities.

Despite these facts, in 2006, only 25% of the population worked in the secondary sphere and 32% in the tertiary sphere, while in the EU it was 27% resp. 67%. This proves the fact that the more developed country, the higher share of population works in the tertiary sphere.

There is another proof. Only around 2.5% of the people in the United States work in agriculture (the share dropped from 2.8% in 1990 to 1.5% in 2005, which is 3 million resp. 2.2 million people). Although it is nothing in comparison with the numbers in China, the United States provides 70% of the world's exports of corn, for example. Not taking into consideration the natural conditions (weather, land, etc.), the difference could be in technical equipment, which is one of the best in the United States.

3.9 Life Expectancy



Graph 11: Life expectancy ³⁹

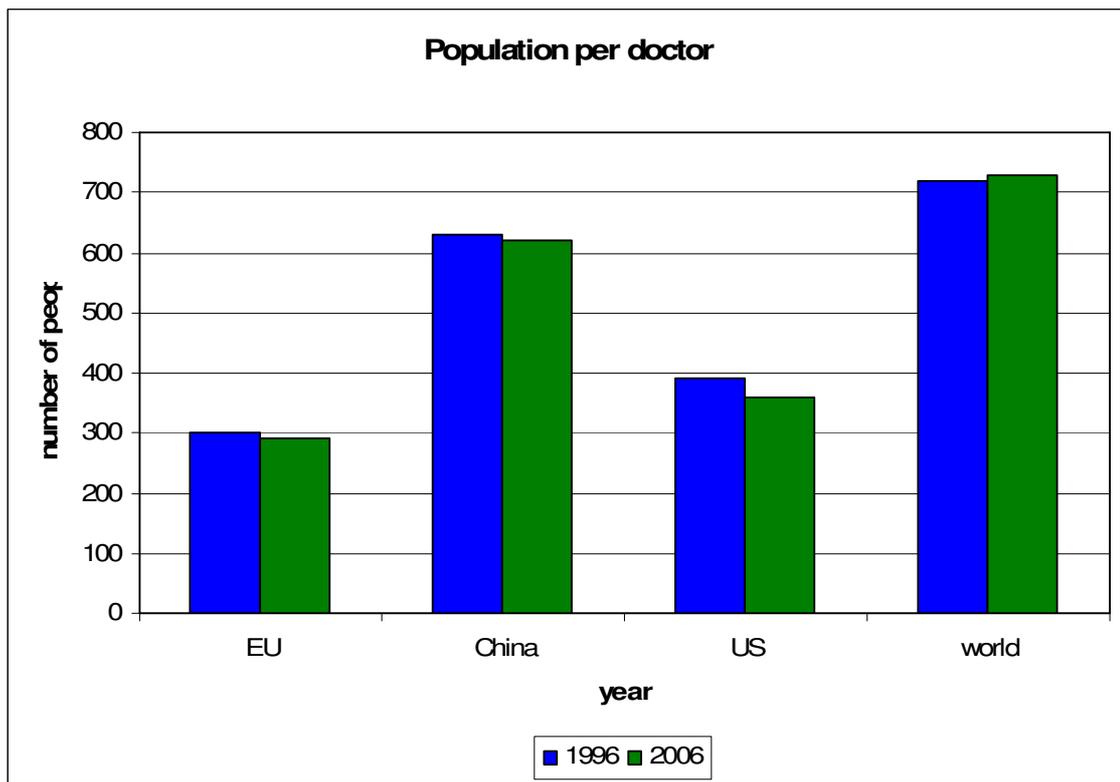
I would would like to add the graph showing the life expectancy. It reflects the health of a country's people and the quality of care they receive. Data for all countries are available in the years 1996 and 2006. For a better comparison, the world's average is added.

Although the life expectancy is higher in high income countries, it does not apply in China. In each comparison, China does not fall behind the EU and the United States so much and it is above the world's average. The interesting fact is that in China males and females have almost the same life expectancy. The difference is only around 3 years but in the EU or United States females are expected to live around 6 years more than males.

³⁹ *Encyclopaedia Britannica : Book of the year 1991-2007*

The EU has the highest life expectancy in these three countries and has a slight lead in front of the United States. The life expectancy of males is almost the same as in the EU in 2006. We can assume that the United States will have a higher life expectancy than the EU.

3.10 Population Per Doctor



Graph 12: Population per doctor ⁴⁰

The graph shows, for how many people falls one doctor. It means, the less number of people, the the better. This indicator helps us to partly recover not only the social situation of China, the EU and the United States, but also their total development. For better comparison, there is also the world's average.

In the EU, there was the most doctors per population. Although the improvement during 10 years was not so dramatical, still, the EU led in front of the United States by 70 people per doctor. China falls deep behind and it seems to have a great lack of doctors. But as we can see from the previous comparison (see chapter Life Expectancy, p. 37) the lack of doctors does not show on people's lives.

⁴⁰ *Encyclopaedia Britannica : Book of the year 1991-2007*

3.11 Human Development Index

The HDI is the important indicator showing the total social development, thus well-being and quality of life. It takes into consideration the life expectancy, literacy, education, and standards of living. The index rates countries in the interval (0, 1), one means the est value.

China ranks according to the HDI among the developing countries. But with the value of 0.777 it belongs to the top of developing countries, while from the value of 0.799 is the country rates as developed country. China is on the 81st place in the world.

The United States is on the 10th place with the value of 0.944, which is brilliant value. Unfortunately, the EU is not ranked as a whole. The worse country within the EU is Romania with the value of 0.813, which is almost valued as the value for developing country. The best country in the EU is Ireland (0.959) and (0.956) meaning the fifth resp. the sixth place in the world. ⁴¹

⁴¹ *Nation Master – Human Development Index* -[online]. 2008 , [accessed 2008-04-10]. Available from: <http://www.nationmaster.com/graph/eco_hum_dev_ind-economy-human-development-index>.

4 CONCLUSION

China is the oldest continuous civilization in the world and it used to be one of the most powerful countries. The Empire of the Middle, as China called itself, was highly developed and brought about some revolutionary inventions, such as paper or compass. In a short period of time, China closed itself to the rest of the world, which meant a slow turning backwards.

In the early 1980's, the Chinese started understanding that something had to be done to avoid huge economic problems in the future, and introduced a new reforming process. The reforms were later divided into four parts, and nowadays, the last one is going to be finished. Thanks to these changes, the Chinese economy is returning back to the sunlight. In the previous few years, the press is mostly full of surprising news from China, mainly the Chinese economy.

Although only around 80 %⁴² of its population have safe water and many people are at the border of poverty, the periodicals write about the outstanding performance of the economy and claim that China is becoming the strongest world's superpower. It contributes the most to the world's growth of the GDP, is the largest owner of exchange reserves, the most powerful investment receiver, the third strongest economy according to the GDP (PPP), and the third largest exporter and importer.

But the title of the superpower does not bring only positives, for example, the growing distempers between the deepening difference in standards of living in rural areas and rich cities at coastal areas. Another problem is in the increasing consumption of raw materials which raises the prices in the world's markets.

From the text above, we can assume that China is going to be the strongest world's economy one day. But only after comparing it with the EU and the United States from different points of view, we can better judge the Chinese position.

⁴² *Encyclopaedia Britannica : Book of the year 2007*. Karen Jacobs Sparkp. Chicago : Encyclopaedia Britannica, 2007. 904 p. ISBN 978-1-59339-336-9.

I have compared China, the United States and the EU in the last 15 years (with regard to the available data concerning China) and I have chosen indicators, which I think, are decisive for the comparison of several economies. In each chapter, I have added at least estimated data for the year 2007 to briefly compare the latest values to show the latest economic position of China.

Studying the each graph carefully, I think that the People's Republic of China will have a long way ahead to reach or to at least to threaten the most powerful economies of the world – the United States and the EU. China is very strong in the field of exports and the annual growth of GDP but it cannot compare with those countries in the total amount of GDP or GDP per capita.

The U.S. economy has been threatened by the mortgage crisis; the EU's economy has slowed down because of the joining of weaker members. We will see if China manages to overcome potential problem with the overheating economy and beats the EU and the United States. Definetely, China has an enormous potential.

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APPENDIX

GDP annual growth rate at constant 1990 prices in %

Country/year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
United States	1.9	-0.2	3.3	2.7	4.1	2.5	3.7	4.5	4.2	4.5	3.7	0.8	1.6	2.7	4.2	3.2
China	3.8	9.2	14.2	14	13.1	10.9	10	9.3	7.8	7.6	8.4	8.3	9.1	10	10.1	9.9
European Union					2.5	2.5	1.4	2.6	2.7	2.9	4	1.9	0.9	0.8	1.8	1.6

Table 2: Growth rate of GDP

GDP at constant 1990 prices (US \$ billion)

Country/year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
China	441.7	504.4	575.1	650.4	721.3	793.4	867.2	934.8	1005.9	1090.4	1180.9	1288.3	1417.2	1560.3	1719.4	1903.4
United States	5746	5937.7	6097.5	6345.2	6506.2	6749.8	7056.8	7354.6	7684.8	7968.5	8029	8158.5	8364.3	8692.3	8973.1	9276.7

Table 3: GDP at constant prices 1990

Population (million)

Country/year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
China	1,134	1,150	1,166	1,179	1,192	1,207	1,219	1,228	1,243	1,251
United States	251.39	252.18	255.41	258.23	260.97	263.06	265.46	267.84	270.26	273.13
Country/year	2000	2001	2002	2003	2004	2005	2006			
China	1,256	1,275	1,284	1,289	1,299	1,304	1311.4			
United States	275.37	286.07	287.6	291.58	293.85	296.75	299.33			

Table 4: Population

Estimates of Per Capita GDP in US Dollars

Country/year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
China	371	432	549	494	635	741	810	852	888	956	1047	1149	1293	1510	1766	2055
United States	22974	24027	24970	26247	27169	28419	29890	31168	32693	34280	35006	35820	37123	39271	41347	43562

Table 5: GDP per capita

CPI (%)

Country/year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
China	18.0	3.1	3.4	6.4	14.7	24.1	17.1	8.3	2.8	-0.8
United States	4.8	5.4	4.2	3.0	3.0	2.6	2.8	2.9	2.3	1.5
European Union						3.2	3.0	2.3	1.7	1.2
Country/year	1999	2000	2001	2002	2003	2004	2005	2006		
China	-1.4	0.4	0.7	-0.2	1.2	3.9	3.0	2.0		
United States	2.2	3.4	2.8	1.6	2.3	2.7	2.7	2.0		
European Union	1.1	2.1	2.4	2.3	2.1	2.2	2.2	2.2		

Table 6: CPI

Imports (US \$ billion)

Country/year	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
China	55.25	59.14	53.34	63.71	80.61	103.95	115.69	132.08	137.86	142.36
United States		472.93	494.91	487.18	532.64	580.65	683.83	743.5	803.23	870.67
Country/year	1998	1999	2000	2001	2002	2003	2004			
China	140.16		225.04		295.17	412.76				
United States	940.56	1025	1216.7		1161.4		1471.1			

Table 7: Imports

Exports (US \$ billion)

Country/year	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
China	47.54	52.54	62.04	71.91	84.99	91.76	121.03	148.77	162.31	182.69
United States		363.93	393.94	421.7	448.1	464.76	512.41	583.03	612.06	689.13
Country/year	1998	1999	2000	2001	2002	2003	2004			
China	183.75		249.2		325.59	438.22				
United States	692.15	695	782.42		693.1		819.09			

Table 8: Exports

CHINA->USA (US \$ billion)

Country/year	1990	1992	1994	1996	1998	2000	2002	2004
import	6.5608	8.8671	13.998	15.992	16.959	22.279	22.179	34.402
export	5.1493	8.584	21.422	28.729	38.036	52.083	125.43	197.12

Table 9: Mutual trade

People working in agriculture in percent

Country/year	1990	1995	2000	2005
China	60.2	52.9	45.2	40.2
United States	2.8	2.6	2.5	1.5

Table 10: People working in agriculture