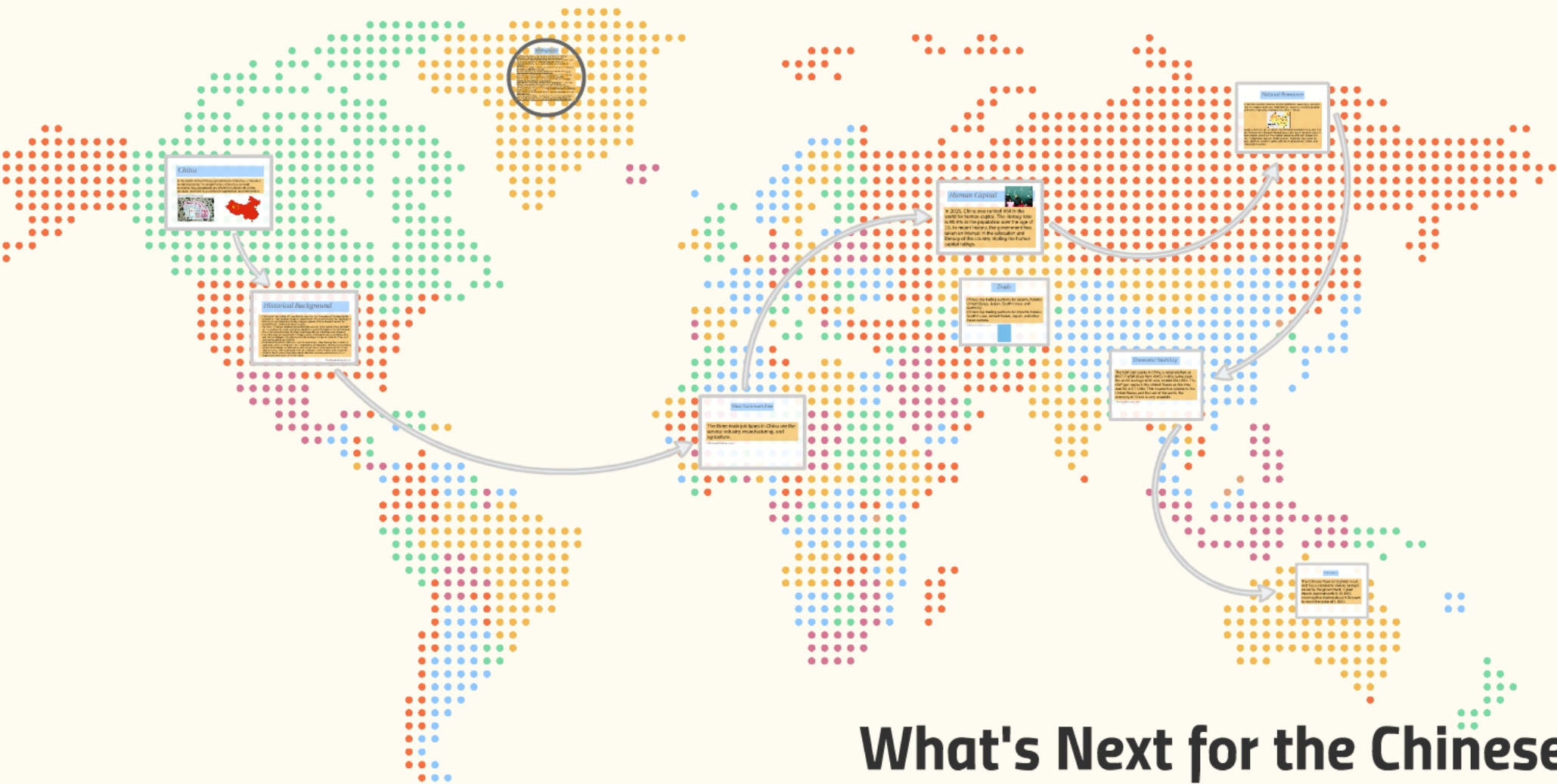


# What's Next for the Chinese Economy? Case Study Solution

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# China

In the words of the Chinese government, China has a "socialist market economy." In simpler terms, China has a mixed economy, because people are allowed to choose what they produce, but there is government supervision and intervention.

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# *Historical Background*

- First Opium War (1839)- Chinese tried to close their ports because of the major profits Great Britain was making through the opium trade. This angered the British, sparking the first Opium War, which was the beginning of a period of many unequal treaties that forced Western control over much of China
- Sectors of Influence- Western nations that were competing for trade in China had split it up into sections that each country was allowed to control the trade in. For the most part, China had lost control over who they could trade with and what they could trade for.
- Fall of the Qing Dynasty (1912)- Through a series of European policies towards China and internal struggles, the Qing Dynasty fell, ending the imperial control in China, and starting Republican government.
- Communist Revolution (1950s)- Under the leadership of Mao Zedong, the communist party took control of the government, establishing an initial period that was characterized by lack of knowledge, as Universities were closed and scholars were sent into forced labor on farms in the countryside. Eventually, through a few five-year plans that were similar to the Russians, they were able to build their economy and have one of the biggest economic booms in world history.

## *Most Common Jobs*

The three main job types in China are the service industry, manufacturing, and agriculture.

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## *Economic Stability*

The GDP per capita in China is relatively low, at 8027.7 USD (data from 2015). In this same year, the world average GDP was 10,093.299 USD. The GDP per capita in the United States at this time was 56,115.7 USD. This means that relative to the United States and the rest of the world, the economy of China is very unstable.

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# *Trade*

China's top trading partners for exports include: United States, Japan, South Korea, and Germany.

China's top trading partners for imports include: South Korea, United States, Japan, and other Asian nations.

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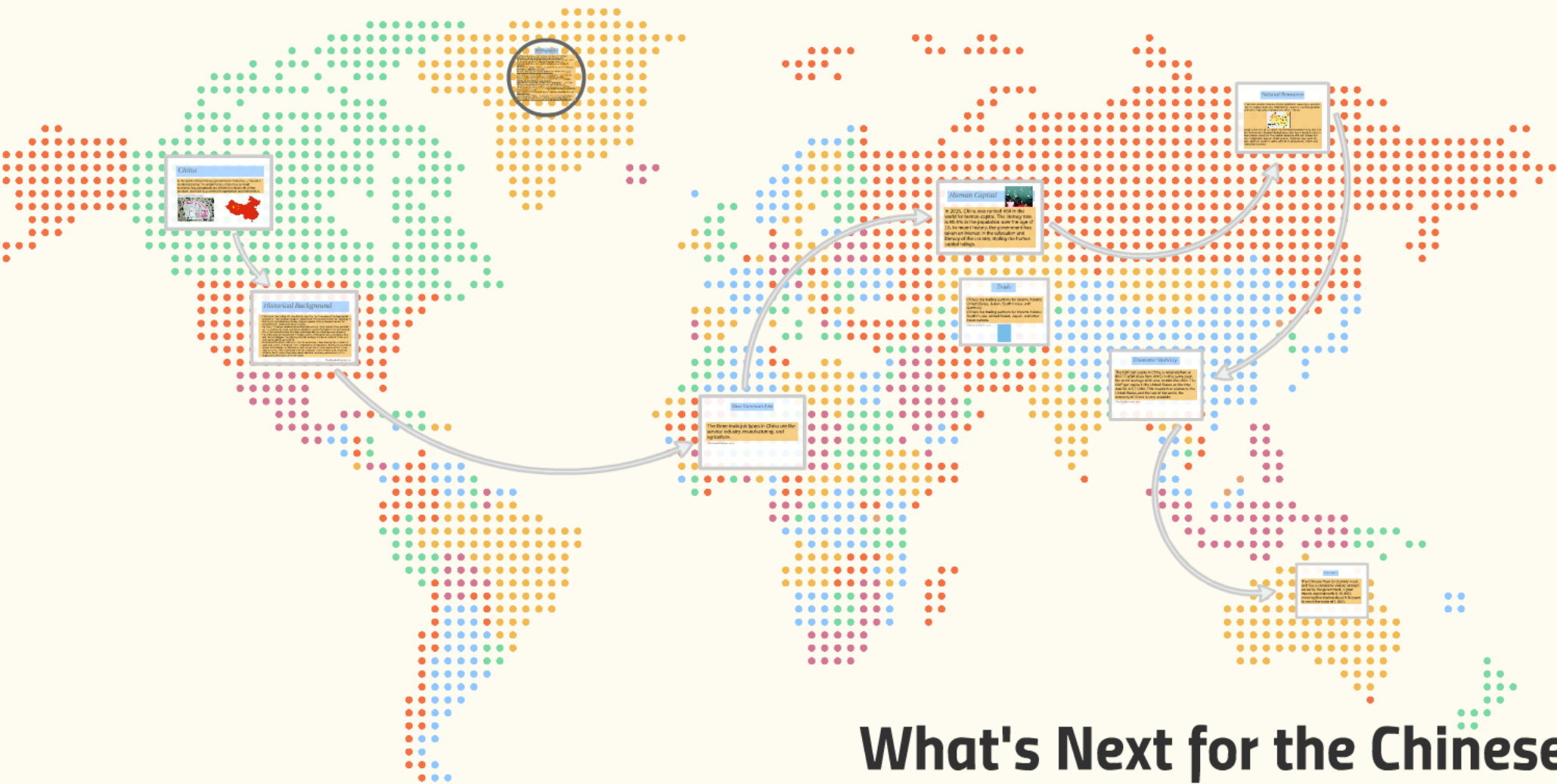


## *Trade Agreements and Barriers*

China became a member of the WTO, meaning that they opened their borders for trade significantly. There are still tariffs in place to protect Chinese industry, but in attempts to become more globally connected, they have created 14 free trade agreements and have another 9 in the works.

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