

# How China's economy developed

By Martin Kitubi

China is a true success story of great leaders. Hit by several setbacks, leaders did not give up. From lagging behind Japan 70 years ago, China has grown to become the second largest economy in the world under different leaders since 1949.

## Mao Zedong (1949-1976)

You cannot talk about China without Mao Zedong, the greatest Chinese revolutionary leader of the 20th century.

Up-to-date, in Uganda, Mao Zedong's legacy and history has been taught over the years in secondary schools.

It is said everything that China has achieved today is as a result of a journey that started 70 years ago, under the stewardship of Zedong.

Described as one of the most important leaders of China, Zedong was the founding father of the current People's Republic of China.

Zedong came at a time when the Chinese economy was critically "ill".

In 1949, China suffered from warfare both internally and externally, mainly with Japan.

A number of its factories and mines which were huge contributors to the economy were either damaged or closed.

Just like other wars, transportation, communication and power lines were destroyed.

The infrastructure had deteriorated since the country could hardly afford to maintain it.

During the war, it is reported that more than a half of the machinery in northeastern China, which were big industrial bases, were dismantled.

The equipment were shipped to then Soviet Union, now Russia, leaving the Chinese impoverished.

Key sectors such as health and education crumbled. The country's great brains (experts) fled for greener pastures.

According to Oxford University, agriculture was disrupted and food production was 30% below its pre-war peak.

This, coupled with the inflation at the time, meant Chinese needed a great statesman to revive its economy.

Zedong's government moved quickly to repair transportation and communication links and revive the flow of economic activity.

Different publications including the *Chinese Economy: Transition and Growth* from 1949 to present say as part of the revival, the different institutions were nationalised and the remaining privately owned were gradually controlled by the government.



A statue of Deng Xiaoping, the founder of China's reform and opening up, at Lianhuashan Park in Shenzhen, China

Subsequently, the new government unified the monetary system, tightened credit and restricted government expenditure as part of the move to control inflation by 1951.

In agriculture, Oxford University says Zedong and his team took up a major change in land ownership.

Under the land reform programme, several arable pieces of land were taken from landlords and redistributed to farm families.

Oxford University says by 1952, China had recorded price stability, commerce had been restored and industries as well as agriculture were booming.

This meant more jobs, better education and healthcare as the new government took charge in the revival.

"The period of recovery had achieved its goals," the Oxford report reads.

The influence to the rest of world, including in Africa, was mainly evident during Zedong's term of office.

He did not only unify his people, but was a global icon who pushed and supported liberation struggles of many countries.

But in the 1970s, the economy had other setbacks that needed to be worked on.

However, Zedong could hardly see his achievements flourish. He died on September 9, 1976.

## Hua Guofeng (1976-1978)

Following Zedong's death, Hua Guofeng took over. His time of office is commonly known as the fall of the Gang of Four, but only lead the country for just two years.

Learning from his predecessor, Guofeng, too, introduced reforms in the country with his main focus on modernisation.

The 2016 *"China's economy: what everyone needs to know"* publication says the

## CHINA HAS EXTENDED ITS INFLUENCE NOT ONLY IN AFRICA, BUT THE REST OF THE WORLD, ON POLICIES, GOVERNANCE AND DEVELOPMENT

new policies strengthened the authority of managers and economic decision makers at the expense of party officials.

The new reforms introduced incentives for workers and called for expansion of research and education systems.

Guofeng's government also saw China increasing foreign trade, transfer of students and experts from all over the world, especially developed countries.

At the helm of his regime, China saw massive technology transfer due to a number of projects.

In addition, it is reported by Oxford University that in a short while, the economy had quickly recovered. The industrial sector output jumped by 14% in 1977 and by 13% in 1978.

## Deng Xiaoping (1978-1992)

As part of his new reforms, Xiaoping first disbanded Guofeng's 10 year plan, although many of its elements were maintained.

The new leadership also moved from centrally planned economy whose foundation was laid by Mao Zedong.

Deng's government asserted that Zedong's centrally controlled system of government had failed on efficient economic growth.

Agricultural production was stimulated in 1979 by an increase of over 22% in the procurement prices paid for farm products.

government planning and direct control," a section from the report the reads.

A wide range of co-operation, trading and credit arrangements with foreign firms were legalised so that China could enter the mainstream of international trade.

With the new reforms, by 1987, China had achieved remarkable results in increasing supplies of food and other consumer goods.

It is also reported that China had created a new climate of dynamism and opportunity in the economy. Through the reforms, Chinese exports had expanded rapidly.

The country had expanded its extractives sector with huge contributions from coal, iron, steel, building materials among others.

Under Xiaoping, individual enterprise were also encouraged. This saw the emergence of independent cobblers and tailors who have since grown into great enterprises.

By 1985, industries were employing 17% of the labour force and produced more than 46% of the Gross National Product (GNP).

Under the same year, agriculture employed about 63% of the labour force and its proportion to GNP was estimated at 33%.

Xiaoping's leadership also saw China becoming self-sufficient in nearly all energy forms.

Coal and petroleum exportation increased, and Chinese coal reserves were among the world's largest.

But the mining technology was inadequately developed but steadily improved in the late 1980s.

## Jiang Zemin (1992-2002)

Zemin served for 10 years. China's economy regained momentum in the early 1990s partly because of efforts under

the previous regime lead by Deng's government.

Zemin also took bolder reforms in the economic system which saw the output and prices accelerating in 1993.

During that time, Chinese investment outside the state budget increased.

He also continued with economic expansion which was championed by the introduction of more than 2,000 special economic zones (SEZs).

With SEZs, the country also recorded an influx of foreign capital and China offered special, freer market-oriented economic policies which attracted several foreign investors.

In 1996, China recorded a rapid growth, estimated at 9.5% accompanied with low inflation.

However, it hit setbacks three years later, mainly as a result of Asian financial crisis.

In September 1997, president Jiang Zemin called for privatisation of state-owned enterprises which was endorsed by the National People's Congress in March 1998.

According to reports, in 1999, with its 1.25 billion people but a GDP of just \$3,800 per capita, China for the first time became the second largest economy in the world after the US.

In 2000, China claimed success in its three-year effort to make the majority of large state-owned enterprises profitable.

## Hu Jintao (2002-2012)

Jintao served for 10 years. His achievements are described as "extraordinary degree of success" by the world broadcaster BBC.

Under his reign, the economy continued to flourish. China's economy more than quadrupled under his leadership.

According to the BBC, there were just a few dollar billionaires, but under his reign, China recorded over 270 billionaires, which was more than anywhere else, including the US.

He helped to reduce the wealth gap and improved the standards of living for Chinese citizens.

## Xi Jinping (2012-present)

Under Xi Jinping, China has become even stronger. The country has extended its influence not only to Africa, but the rest of the world, on policies, governance, and development among others.

It has moved from just serving its nationals, to a foreign policy giant. At the moment, financially crippled economies, which could hardly get loans from the West, have gradually run to China.

According to China Africa Research Initiative, 2000-2017, the Chinese government, banks and contractors extended \$143b in loans, to African governments and their state-owned enterprises.



Xi Jinping