

1978-2008: CHINA, CHANGING COURSE LIKE THE YELLOW RIVER

By Wendy Liu
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If "Change We Can Believe In" is the theme of American life this year, "Change We Can See" should have been that of China's for the last thirty.

This month marks the 30th anniversary of China's Reform and Opening Up program, which launched China's market economy and opened it up for foreign investment, technology and management. Numerous English phrases have been used to describe the country's change since. None of them, however, may better capture it than one of China's own sayings:

30 years, you are on the east bank of the river. Another 30 years, you are on its west bank."

The river here is the Yellow River, China's Mother River. With the "Yellow Soil," or Loess, Plateau on its way and the large amount of mud it carries, the river reportedly changed its course 26 times during the last 3-4,000 years. For those towns and villages along the river over the centuries, they could really find themselves

"relocated" to the other side of the river without moving across it.

Just like the Yellow- River, China has truly changed its course in the last three decades, and the Chinese people today are truly on a different side of the river. Let me count the ways.

The size of the economy: According to China's National Bureau of Statistics, in 1978, the proportion of China's GDP in the world economy was 1.8 percent. In 2007, it was 6.0 percent. In 1978, its per capita national income was \$190. In 2007, it was \$2,360. In 1978, its total trade volume of imports and exports ranked 29th in the world. In 2007, it ranked 3rd. The country' now produces as much wealth in one week as it did in one year before the reform.

Poverty reduction: As a model in this effort touted by the World Bank, China has achieved the unachievable in 30 years. As Fan Xiaojian, director of the State Council Office for Poverty



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Alleviation and Development, said recently, China had reduced its population in poverty from 250 million in 1978 [\ll 15 million today. With that and its growth, former World Bank Chief Economist Joseph Stiglitz said that China had brought the whole world up.

Living standard: Before 1978, having a telephone was a privilege in China. In 2007, according to China Internet Information Center, the number of cell phone users reached 500 million. 30 years ago, computers were non-existent. Last June, as the Center reported, China's netizen population grew to 253 million, the largest in the world. Before the reform, most urban Chinese lived in government allotted apartments. In 2007, home ownership in Chinese cities soared to 80%, topping that of the US at 69%, according to *Wall Street Journal*. In pre-reform days, cars were for VIPs only. Today, China is the second largest car market after the US. While GM needs a government bailout at home, it has been profitable in China.

Measure of happiness: While the Chinese citizens are still not as free as they could be, they are happier than ever in the history of the Chinese civilization. According to the Pew Research Center survey earlier this year, over 80% of the Chinese were satisfied with their economy and the direction the government was taking the country. By that measure, the Chinese are ahead everyone else in the world.

Socialism with Chinese characteristics": A face-saving term adopted by the Chinese Communist-in-name-only Party to justify the country's market economy, it really means "capitalism with Chinese characteristics." Before the reform, it was dangerous to even mention "private sector" and China in the same breath. By 2005, as China's leading economist Fan Gang pointed out, 70% the country's GDP was in private hands. With that, he called China "a private sector economy."

Rising to the challenge of the current global economic crisis, and bringing the 30-change to a crescendo, China announced a nearly

\$600 billion public spending plan last month. As President Hu Jintao said at the recent G20 summit, steady growth in China was in itself an important contribution to international financial stability and world economic growth. The media joined in with a chorus of headlines: "China to the rescue," "China can help," "China holds the cards," "Chinese stimulus package brings hope to world markets," etc.

A closed society and a vast economic backwater before 1978, China in 2008 can help the world, and the US, by helping itself. That, in the words of Robyn Meredith of the *Forbes* magazine, is "not bad for a country that barely had an economy just a generation ago."

Meanwhile, the Yellow River rushes on...

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