New China has now reached the age of 60. During this lifetime, the Chinese economy has made remarkable achievements, and, from the perspective of annual economic growth, it has experienced quite a few economic cycles. Figure 3.1 shows the fluctuation curve of the economic growth rate over the past 60 years (in which the 1950–1952 section reflects the growth rate of gross social output; the 1953–2009 section reflects the growth rate of gross domestic product (GDP); the figure for 2009 is 8% as estimated in this article).  

October 1, 1949 saw the founding of New China. The foundling nation’s economy recovered rapidly through concerted effort in 1950, 1951 and 1952. In these three years, the growth rates of gross social product were 22.6 percent, 20.1 percent and 23.8 percent respectively, marking a resumption of growth in the initial stages of the new China. China embarked upon large-scale economic construction in 1953, and has been involved in an industrialisation drive since then. By 2009, the growth rate of GDP had experienced 10 cycles, divided according to the “trough-trough” method.
Figure 3.1  China’s Economic Growth Rate Fluctuation Curve (1950–2009).

The first Five-Year Plan was launched in 1953. In that year, there was considerable investment in fixed assets, and the economic growth rate reached 15.6 percent. The extra-rapid economic growth, however, created an imbalance in normal economic operations, and high growth of this kind was difficult to sustain. Economic growth fell back to approximately 4 percent in 1954, and 6 percent in 1955. Following the implementation of gentle economic regulation, the Chinese economy once again accelerated, and the growth rate rose to 15 percent in 1956; this again proved difficult to sustain, and the economic growth rate fell back to approximately 5 percent in 1957. The period from 1953 to 1957 marked the first economic cycle.

In 1958, the “Great Leap Forward” campaign boosted the economic growth rate to 21.3 percent. This was however followed by negative growth for the years 1960 and 1961, and 1962 recorded a sharp decline in the economic growth rate. In 1961 in particular, economic growth dropped to a rock-bottom figure of −27.3 percent. There was thus a gap of almost 50 percentage points between the peak economic growth rate (21.3 percent) in 1958 and the trough (−27.3 percent) in 1961. This marked the second cycle.