A NEW GROWTH STAGE OF DEVELOPMENT
—Analysis and Forecast of China’s Social Development in 2009–2010

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In 2009, China took great efforts to overcome the influences of the international financial crisis. They took progressive steps to restore the economy and enter a new growth stage of economic and social development, and during the later stage of the crisis achieved new development opportunities and power. The new China’s 60th anniversary celebration and brilliant military parade in Tiananmen Square exhibited China’s great achievements during its 60-year construction, reflected huge changes since reform and opening for more than 30 years, and also indicated a new starting point of development for next 30 years.

I. General Situation of Social Development in 2009

In 2009, China released a series of important measures to guarantee growth, livelihood of the people, and stability, which effectively resisted the impact of international financial crisis. Annual GDP growth was above 8%, and the economic structure was further optimized; the urban and rural residents’ incomes were increasing stabilized, and the rate of increase in the overall price level of customer’s expenses reached about 4%; more than 11 million people obtained employment in cities, and the tension of employment was under control.

A. Economic Growth Returns to a Stable State

In the first three quarters of 2009, China’s GDP reached 21,781.7 billion yuan, calculated according to fixed prices. This was an increase of 7.7% from the previous year, the speed of growth continued to rise season by season, reaching 6.1% in the first quarter, 7.9% in the second quarter and 8.9% in the third quarter, the annual growth surpassing 8%. In September 2009, China’s Purchasing Manager’s Index
(PMI) rose to 54.3%. For seven continuous months, it had been above 50%, and in May 2008, reached its peak, which indicated a situation of expansion in the manufacturing industry. At the same time, the employee index for the manufacturing industry was 53.2% in September, and for four continuous months had been above the critical point. This indicates that labor demand further increased as the manufacturing industry returned to a state of stability.

In the first three quarters of 2009, overall investments reached 15,505.7 billion yuan, which was an 33.4% increase from the previous year. The national fiscal levy decreased the tax burden on enterprises, and under the backdrop of promoting growth the economic downturn was reversed. From May to September, for five continuous months, there was economic growth. For the first three quarter of 2009, the total national financial revenue was 5,151.887 billion yuan, which was a 5.3% increase from the previous year.

Agriculture and rural economy steady developed. In 2009, annual grain production reached a new record, a continuous 6-year production increase for the first time in nearly 40 years, and total output of summer grain crops amounted to 246.7 billion jin (1 jin = ½ kilogram). Through prompt and initiative market regulation, which implemented the lowest purchasing price for grain crops and increased national revenue and reserves and so on, farm prices after a plentiful harvest was effectively stabilized to guarantee farmers’ increase in production and income.

B. Sustained Increase of Urban and Rural Residents’ Income and Expenses

In the first three quarters of 2009, average disposable income per town resident was 12973 yuan, which was a 9.3% increase from the previous year, and without price factor actually increased 10.5%. Average money income per rural resident was 4307 yuan, which was an 8.5% increase from the previous year, and without price factor actually increased 9.2%. In the first three quarters, rural resident’s income fell 11.1 percentage points from the previous year, and in recent 6 years, it was estimated that average net income per farmer would increase by about 6%.

In order to stabilize the increase in farmer’s income, in 2009 the central financial institution budgeted 716.14 billion yuan in funds to support and benefit farmers, which was a 20.2% increase, and especially increased the subsidy strength for farmers, and four kinds of subsidies