

《关于中国经济，全国人大告诉了我们什么》

Much of this year's NPC centers on addressing the uncertainty of China's current state of economic development. So, what exactly has the NPC told us about it?

There are lots of pessimistic attitudes out there these days towards the Chinese economy. Will China experience a lost decade of zero growth, like Japan did in the 90s? Or is China headed for a hard landing altogether? Well, people can speculate all they want based on different metrics and methodologies. But we thought it'd be helpful to look at what China says, based on what's been coming out of this year's NPC, the country's top legislative body.

First of all, let's remember the Chinese economy is now growing from a much larger base. In 2005, China's GDP was 2.3 trillion dollars. Now it's around 10 and-a-half trillion. Eleven point three percent growth in 2005 amounted to more than 255 billion dollars. Six-point-nine percent growth last year amounted to a net gain of 725 billion. So let's do the math. Less than half of 2005's growth rate produced, in 2015, nearly three times the wealth.

Source: China National Bureau of Statistics, World Bank

At this year's NPC, China set its GDP target at between 6.5 percent and 7 percent. Beijing believes that will be enough to absorb the new labor force coming into the market.

Using a range instead of a specific number for the first time is also expected to discourage goal-obsessed local authorities from massaging data to meet the target.

Exports are another component of China's GDP. After missing last year's trade target, Chinese Premier Li Keqiang didn't set a trade target for this year at all.

Many economists think this was a prudent move. After all, in an interdependent global economy, it's hard enough to control one's own economy, let alone the rest of the world's.

Now the question is: how will the Chinese government respond to its slowing economy? Will there be more stimulus? The answer is yes, and no.

At this year's NPC, we learned that Beijing will use fiscal stimulus to help growth. The budget deficit will increase from 2 percent to 3 percent of the GDP. But it's a different sort of stimulus.

In the past, government spending largely went to state-financed infrastructure projects. This time, the stimulus will mainly come from a 500 billion yuan tax cut for small businesses. That's around 77 billion US dollars, at the current exchange rate.

So a high-tech start-up in Beijing, or an Internet company in Guangzhou, should have more money to expand and hire. It's a concept Beijing calls "supply-side economics."

On the monetary side, Beijing will also increase money supply to 13 percent, up from 12 percent.

Of course, government regulations will be in place to ensure all this extra cash mainly gets invested where it can do the most good... in small businesses that can create more jobs.

