Classroom Connection

China’s Economic Miracle
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Target Audience: Grades 6 - 12

Introduction: China’s economy has experienced extremely rapid economic growth rates since the economic reforms that began under the leadership and four modernizations of Deng Xiaoping. From 1979 until 2012, China’s economy has grown, as measured by Gross Domestic Product (GDP), at a rate of almost 10% a year\(^1\), resulting in what is called the “Chinese economic miracle.” This dramatic increase of wealth has seen hundreds of millions of people lifted out of poverty. This lesson will teach students about the Chinese economic miracle, the most common and well known measure of economic performance, GDP, how comparisons can be made between countries using GDP, and the rule of 72. This lesson can be used in many different areas of study as an introduction to the study of the Chinese economy as it relates to its people, the environment, and the global economy.

1. Economic Indicators
   a) Explain that there are many ways to compare economies. Ask the class to create a list of what data one might need to have in order to compare the standard of living in China and the United States. The generated list should contain many of the following ---> GDP, Income, Employment, Inflation, Life expectancy, Education, Health Care, Clean Water, Trade Volume, Government Spending, Government Debt, Literacy, Imports, and Exports.
   b) After creating a class list, divide the students into teams of 3-4 and assign each group GDP and 4 other indicators to research on both China and the United States on the CIA Factbook Website.\(^2\) Have students report their findings to the class and discuss. If computers are not available, the teacher may do this together with the class.
   c) Tell students that the most commonly used statistic used to measure an economy is GDP. If needed, define GDP: The total value of goods and services produced within a country’s borders in a year.

2. Gapminder World Activity:
   a) Show the Gapminder World site to the class\(^3\) and play the chart from 1800 to the present for the class (this can also be done individually by students at a computer if available). Then replay the chart again from 1980 until the present and emphasize the dramatic increase in China’s GDP since 1980.

3. The Chinese Economy
   Use the PBS special by Paul Solman to show students China’s economic growth. Have students take notes on the economic advantages of China and why the Chinese economy

\(^1\) [http://www.stats.gov.cn/english/](http://www.stats.gov.cn/english/)
\(^3\) [http://gapminder.org/world](http://gapminder.org/world)
a) is booming. (View the first segment on China’s growing economy. There are also many other good video segments here as well).

b) While discussing the video, ask students their opinion on China/U.S. trade. Is it good for America? Is it good for China? What have they heard from their parents or the news or talk shows?

4. The Rule of 72

a) An easy way to apply GDP and other statistics into easily understandable and practical uses is the Rule of 72. To use the Rule of 72, take a percentage and divide it into 72, and this tells the years it takes something to double. For example: If China’s GDP is growing at 10% a year, the economy will double in size every 7.2 years. (72 / 10 = 7.2 years). Explain this concept to the class, including that the Rule of 72 is not only helpful for GDP growth rates, but also inflation and investment return rates.

b) Tell the class that China’s GDP growth rate has been 10% a year since 1979, and the United States GDP growth rate has been 3% a year since 1979. Have students use the Rule of 72 to calculate how long it takes the Chinese and United States economies to double, and how many times the economies have doubled since 1979. A point of emphasis to make is that the Chinese economy has roughly doubled in size an amazing 5 times since 1979. Also of note is that while the Chinese economy doubles in size every 7.2 years with a 10% growth rate, the U.S. economy doubles in size every 24 years with a 3% growth rate.

5. Extension Activities:

a) The July/August 2007 Atlantic Monthly article, “China Makes, The World Takes” by James Fallows is a detailed look at how and why China is leading the world in consumer exports. It is a long article so you will need to assign part of the reading as homework. If using just one part of the article, the segment, “Good for Us—For Now” explains who benefits from trade and use iPod as an example to explain the “smiley curve.” The following are some reading questions for an assignment and/or discussion:

1. What does the phrase, “harmonious society” mean for Chinese?
2. What are some of the advantages that Chinese people have received because of the economic boom?
3. James Fallows uses an example of the “smiley curve” to explain why U.S. companies are still eager to do business in China. Explain the Smiley Curve and give some examples of how this works to U.S. based companies’ advantage.
4. How has China aided the U.S. economy? And how has this policy affected China?
5. Explain how “global trade involves one great contradiction.”

b) Show the final segment from PBS series “China on the Rise.” Have students focus on the following questions from the video, and discuss them with the class afterwards:

http://www.pbs.org/newshour/bb/asia/china/index.html
http://www.bea.gov/national/index.htm#gdp
http://www.pbs.org/newshour/bb/asia/china/index.html
1. What impact could censorship have on China’s economic growth?
2. Who are the primary owners of the factories in China?
3. How could the difference between Chinese and American educational systems impact economic growth?
4. What are the three scenarios regarding the future of economic development in China?