# The Scramble to Maintain Growth

Barry Naughton

The reversal of economic conditions China has undergone since mid-year 2008 has occurred with a speed and thoroughness rarely, if ever, seen in history. In July, policymakers were still concerned with legitimate worries about inflation and overheating. By the end of October, they were scrambling to cope with an alarming economic slowdown. Given the centrality of economic growth to the Chinese social and political equilibrium, policymakers returned to an intense focus on economic growth. The Chinese political system then did what it arguably does best: It concentrated policymaking resources on the most critical priority, in this case, propping up economic growth. By the time of the postponed Economic Work Conference (8–10 December), the entire apparatus of Chinese policymaking had been concentrated on the practical elaboration of a multidimensional and multiphase stimulus package. The leadership has been united on this push.

The speed and intensity of changing economic conditions in China during 2008 has rarely, if ever, been matched in world economic history. As late as June 2008, the central bank raised the commercial bank reserve requirement *twice* (a half of a percentage point on June 15 and another half on June 25), in a bid to further restrain monetary growth, further tightening contractionary policies that had been in place since November 2007. Then (as described in the previous edition of *CLM*) the Chinese leadership during July 2008 began to modestly relax somewhat those contractionary policies.[1] After a series of inspection tours and consultative meetings, policymakers took note of the stress in labor-intensive export industries, and suspended RMB appreciation, loosened monetary policy slightly, and increased VAT rebates on labor-intensive exports. These measures were taken in the spirit of a mid-course correction, rather than a policy reversal. The intention was that policy would continue to be moderately contractionary. The slogan adopted in a Politburo meeting of 25 July 2008 had been "preserve while controlling" (*yi bao yi kong*), that is, preserve stable rapid growth, while controlling overly rapid inflation. There were no signs of alarm, and the leadership agreed on an agenda for the Third Plenum meeting coming in October that would focus on deep structural reform of the rural economy.[2] Indeed, exports were still growing strongly (26.9 percent in July), and inflation was still serious (July consumer prices were 6.3 percent above the year previous level and producers' prices were growing at over 10 percent). Housing sales had begun to decline at the beginning of 2008,[3] but this was in line with policymakers' objective of cooling the overheated property market. Growth momentum seemed strong.

And then the Chinese economy fell off a cliff. During July and August, all the economic indicators came in substantially below expectations. Indicators of business confidence, such as the two separate purchasing managers' indexes calculated by the Hong Kong brokerage firm CLSA and the Beijing-based China Federation of Logistics and Purchasing Managers, began in July to point to a contraction in economic activity, only a few months after their April highs. Electricity production peaked in July and then began to decline. (Separately, global oil prices peaked on 11 July at $147 a barrel, and then began a steep, prolonged decline, reflecting—among many other factors—a fall-off in Chinese demand.) These indicators were difficult to interpret at first because of the impact of the Beijing Olympics, which began on 8 August. In order to try to ensure good air quality at the Olympics, factories across northern China had been shut down, and many kinds of normal economic activity suspended. Perhaps the slowdown was merely a temporary reflection of these measures. In any case, for weeks the attention of policymakers, like that of much of the world, was focused on the Olympics, and economic issues were pushed into the background.

On 16 September, the People's Bank of China (PBC) cut interest rates, the first reduction in more than five years. The PBC's assessment of economic conditions had now unambiguously changed. Moreover, in the mirror image of what it had been doing when interest rates were going up, the PBC now began to lower reserve requirements from their historic high of 17.5 percent. Lower reserve requirements mean more money is available to banks to lend to businesses, complementing the lower price of borrowing coming from the rate cuts. Over the next six weeks, two more interest rate cuts followed (on 15 and 29 October). The PBC took the lead in responding to changed economic conditions.

Although it makes sense for monetary policy to be the first line of defense against changing economic conditions, the slowdown proved to be far bigger than what monetary policy alone could address. Indeed, the way events unfurled was somewhat ironic: A slowdown of some kind was widely anticipated. Businesspeople and investors had worried about a post-Olympics slowdown, fearing a downturn triggered by the completion of many investment projects timed for the Olympics, combined with the end of extraordinary government efforts to keep the economy looking good in the run-up to the games. Moreover, Chinese economists and policymakers had been watching the U.S. financial crisis anxiously for signs that it would end up affecting China substantially. So the mere fact of slowdown was no surprise to anybody. And yet, when the slowdown occurred it happened with a severity—indeed, a ferocity—that caught nearly everyone off guard.

By October, policymakers were scrambling to catch up. The Third Plenum of the 17$^{th}$ Party Congress met in Beijing from 9 October through 12 October, and the leadership kept it tightly focused on the long-planned agenda of rural policy change. The proclamation designed to strengthen rural land property rights that came from the Plenum received a lot of attention. However, grand plans for rural reconstruction were quickly overtaken by the deteriorating economic situation. Indeed, the Plenum was the last major leadership meeting with a "normal" agenda, that is, one driven by the Hu-Wen program of harmonious and scientific development, rather than by economic crisis. Less than a week later, on 17 October, the State Council met to lay out fourth-quarter economic policy. On 19 October, the Statistical Bureau announced the latest GDP figures, which showed that third quarter growth had slid to 9 percent, below expectations and the lowest rate in five years, attracting much attention abroad.[4] The State Council meeting heard Premier Wen Jiabao lay out 10 policies intended to increase domestic demand, prop up investment and exports, and sustain growth.[5] The actual policies were a mixed bag—including "control price increases" and "increase tax revenues and economize on outlays"—but they marked an unmistakable shift of overall direction. As Fudan University's Zhang Jun put it, "Since October began, if you can't say the economic policy direction has changed 180 degrees, it's been at least a 100-degree course change."[6] In fact, by the end of October, economic policy made a complete U-turn from its June orientation.[7]

## The Four-Trillion RMB Stimulus Package

It was expected that a coherent policy package would be elaborated at the annual Economic Work Conference, which had been scheduled for the second week in November. However, the Work Conference was postponed for three weeks, and Wen Jiabao instead presided over another State Council meeting on 5 November. After this meeting, Premier Wen announced a four-trillion RMB stimulus package. The announcement immediately caused a sensation in economics and business circles around the world. Four trillion is a big number: 16 percent of 2007 GDP (of 25 trillion RMB). Policymakers had obviously announced a very big, highly preliminary, and very round number. Their eagerness to announce was clearly directed at public confidence, and marked an effort to forestall an even more marked decline in sentiment. Unfortunately, the news in English translated the four trillion with a spurious specificity into U.S. $586 billion, which in turn attracted skepticism when it was realized how vague the content was. In fact, the stimulus package mixed significant new funding commitments along with a jumble of already existing priorities, and a few new programs.[8] Indeed, it was a couple of weeks before the government was prepared to announce a breakdown of the stimulus plan investment (see table 1), and even that showed evidence of lots of blue-sky numbers.[9]

**Table 1**
*Composition of RMB 4 Trillion Stimulus Package*

| *Sector* | *Amount allocated (billions of RMB)* |
|---|---|
| Transport and power infrastructure (railroads, roads, airports, electricity grids) | 1,800 |
| Earthquake reconstruction | 1,000 |
| Rural village infrastructure | 370 |
| Environmental investment; natural areas | 350 |
| Affordable housing | 280 |
| Technological innovation | 160 |
| Health and education | 40 |
| **Total** | 4,000 |

While the Chinese government can hardly be faulted for quickly announcing a large stimulus package before details were in place, the oft-quoted four-trillion RMB figure could be misleading in two ways. First, the stimulus package describes an increment to investment that is to occur over a little more than two years, to the end of 2010. Second, the four trillion is the government's estimate of the total amount of increased investment that will occur due to the central government's actions. The actual sum of money to come directly from the central government—the direct fiscal stimulus—is projected at 1.18 trillion RMB.[10] Allocated over two years, this comes out to about 2 percent of GDP additional fiscal spending per year. This figure is substantial, but far short of the game-changing figure many first assumed.

The response to the stimulus plan was rapid, on two fronts. In terms of specific central government expenditure, an additional 100 billion RMB was added to investment for the last two months of 2008 (see table 2). The allocation of these funds was generally in line with the larger stimulus package. However, by the time of final promulgation, the package contained a notably higher proportion of funds for rural infrastructure, and somewhat less for major transport infrastructure (earthquake reconstruction was not included).[11] The National Development and Reform Commission (NDRC) included fairly detailed description of some—but not all—of the extra spending, which consisted of a mixture of specific project funding and block grants to localities.[12]

**Table 2**
*100 Billion Increment to Central Fiscal Outlays, November–December 2008*

| *Sector* | *Amount allocated (billions of RMB)* |
|---|---|
| Major transport infrastructure | 25 |
| Rural infrastructure, methane, water, and roads | 34 |
| Health and education | 13 |
| Urban water, sewage, energy conservation | 12 |
| Affordable housing and slum clearance | 10 |
| Technology | 6 |
| **Total** | 100 |

Local government response was also dramatic. Recall that this is a package in which 1.18 trillion of central government funding is supposed to elicit 2.8 trillion of complementary investment, from "society." However, the most important component of this "social" investment is that provided by local governments, as well as by state-owned enterprises and even central government ministries, spending funds outside the main budget. In fact, these actors responded enthusiastically. Realizing that this was a once-in-a-lifetime opportunity to get favorite projects funded, local governments responded with a torrent of proposed projects. Indeed, within less than a month of the announcement of the stimulus package, local governments, in aggregate, had proposed an incredible total of 18 trillion RMB worth of investment projects. This gigantic sum, equivalent to twothirds of GDP, would have to be vetted by central officials and, most importantly, would have to find funding. Funding would come either from bank loans, or from retained funds already accumulated by local governments and firms.[13] Obviously, this is a "wish list," rather than a plan, but its rapid rollout demonstrates that there is still potentially unlimited demand for investment from Chinese officials when they sense that their budget constraints have temporarily slackened.

## Criticism of the Stimulus Package

Despite the enthusiastic response of local officials—or perhaps because of it—the stimulus package ran into substantial criticism. Economists and other commentators worried that the stimulus package was only going to pump money into the hands of local officials, who would waste it on unnecessary infrastructure and meaningless prestige projects. Yet even this criticism was part of a more general sense of discomfort with the package. In essence, the reason the Chinese economy had become so vulnerable to the economic crisis of 2008 was because of its excessive dependence on investment and export demand. Investment had been accounting for over 40 percent of China's GDP since 2005, and the export surplus had ballooned to a remarkable 8 percent of GDP in 2007. Correspondingly, China's household consumption was a historically unprecedented low of 35 percent of GDP in 2007 (compared to 70 percent of GDP in the United States). This unbalanced economic structure underlies China's vulnerability to a downturn. Export dependency, obviously, makes China dependent on consumers in the United States and Europe whose purchasing power is declining sharply. Even more important, though, the high investment share makes the economy more vulnerable to fluctuations: Investment is inherently based on expectations about the future, can always be postponed, and is less stable than consumption. Especially since China's economy is now more driven by profit-oriented private businessmen, the investment effort will occasionally be subject to big fluctuations.

China's leaders have been calling for changes in this unbalanced structure for years. Arguing that growth should shift to a great reliance on internal demand, improved living standards, and a higher environmental quality, calls for a change in the growth model were a staple of high-level Party meetings through mid-year 2008. Yet nothing fundamental has been done to change the growth pattern. Now, suddenly, faced with a growth slowdown, policymakers were proposing policies that went straight back to the old reliance on stimulating investment to keep the economy roaring along. Critics drew a contrast to policies followed in the wake of the Asian financial crisis of 1997–98. At that juncture China had pumped up infrastructure spending and helped avoid a deeper recession. Today, though, China's infrastructure is far better developed than in 1998, when obvious unmet needs were everywhere. Today, the priority needs for infrastructure are not so clear: Critics challenged the government to define the priority areas. Many commentators stressed the fact that investment should only be approved if it could be shown to contribute fairly directly to improved consumption standards. Some economists argued that tax cuts, rather than investment increases, should play the primary role in any fiscal stimulus. Others argued that the money should go into pension funds and health insurance, making households feel more economically secure and thus freeing up potential purchasing power.

In the end, the argument in defense of the stimulus package was primarily pragmatic. Given the sudden speed and severity of the downturn, only an increase in investment had the potential to pump money into the economy quickly enough to offset the economic downdraft. The sectors that have been slowing the most rapidly are those heavy industrial sectors that are directly dependent on investment, such as steel. Precisely because household consumption is such a small proportion of GDP, it is difficult to imagine policies solely directed at consumption that could maintain China's growth momentum. The government's priorities—rural infrastructure, rail transport (as opposed to roads), affordable housing, and earthquake reconstruction—were all adopted in part because they arguably contribute reasonably directly to better living standards for large numbers of people, and thus indirectly to greater household expenditure. Other components were added that had been less prominent on the pre-crisis agenda because they seemed to offer some environmental paybacks: billions for methane gas generation, natural area protection, and so forth.

## Economic Work Conference

The Economic Work Conference, which eventually took place between 5 and 7 December, brought a temporary end to this discussion. In broad outlines, the Economic Work Conference implicitly acknowledged criticisms of government's initial infrastructure-heavy response. The conference decided to maintain the investment-centered stimulus program, and not to add substantially to the moderate tax cuts that had already been adopted, so it generally held the course and there were no big surprises. However, the Conference endorsed a strong but vague across-the-board effort to increase domestic demand by "adjusting the composition of income," combined with a specific mandate to increase budgetary spending on social expenditures.[14] This is the kind of broad direction-setting exercise that then gets incorporated into numerous specific policy measures. Although no single measure had anywhere near the impact of the massive stimulus package announced a month earlier, the cumulative fiscal impact of all the subsequent policies is likely to be of similar magnitude to that of the main stimulus package (or at least the central government portion of that package).

First, most explicitly, budgetary spending on social expenditures will rise. According to Wen Jiabao's remarks on the sidelines of the China-Japan-Korea meeting in Fukuoka, the government expects to spend an additional 70 billion for medical reform; and rural subsidies of all kinds will increase substantially in 2009 after already having reached 102.8 billion in 2008.[15] Relief expenditures through the minimum income (*dibao*) program are slated to increase rapidly. Rural relief has already increased from 3 billion in 2007 to 9 billion in 2008; and urban relief from 15 billion to 26.6 billion: Both these figures are slated to increase substantially in 2009. Moreover, government will start putting money into pilot rural social security programs.[16] Back in 2007, China ran a budget surplus of 70 billion RMB, just under 0.3 percent of GDP. The increase in social expenditures between 2007 and 2009 should easily surpass 1 percent of GDP.

Meanwhile, fiscal revenues have been declining since October. The declines so far have been modest (3.1 percent in November), but mark a major reversal from the steady increase in budgetary revenues since 1995. Moreover, income declines will continue and increase well into 2008.[17] In part, the budgetary decline is due to the slowing economy, and in part due to the impact of measures that have already been taken to cut taxes on housing and investment and increase VAT rebates on exports. Moreover, a set of additional tax cuts had already been put in place and will become fully effective in 2009. Very small enterprises have always been subject to a less formal tax system, in which a fixed portion of their total sales is levied, in lieu of the (more complex) value-added tax. Now, the threshold for small-firm tax has been raised from monthly income of 5,000 RMB to 10,000 RMB, and the tax rate cut from 6 percent to 3 percent. For larger firms, the value-added tax rate of 17 percent is levied only on the net value-added; that is, firms deduct everything they've paid for purchased inputs before calculating their tax liabilities. The way firms calculate the VAT will change on 1 January 2009, because firms will now deduct purchases for investment as well as for current operations. This change has been under discussion literally for years, and was adopted in the northeastern provinces a few years ago. It represents a major tax reduction for most firms. These tax reductions are moderate, but tilted toward business and toward investment, rather than to households and household consumption. (The Economic Work Conference explicitly decided not to raise the threshold for personal income tax, which would have been popular in high-income cities like Beijing and Shanghai, but would have affected only a small proportion of households nationwide.)

Perhaps even more important in terms of overall fiscal balance is the rapidly changing attitude of government toward state-owned firms. In the face of economic downturn, government has started to prop up state enterprises, taking less in taxes, and on occasion, beginning to inject funds. The largest cases, because the firms are so big, are those firms under the control of central SASAC (the State Asset Supervision and Administration Commission). In November, central SASAC injected funds into two of the airlines, China Southern and China Eastern. SASAC now has at its disposal 55 billion RMB that it collected from its own firms last year in the form of dividends. Now, in the face of adversity, it is being compelled to inject those funds back into the weaker firms. The electric power generators, buffeted by high fuel costs and price controls, will likely be the next recipients of funds.[18] Wen Jiabao, in his sideline remarks, claimed that government decisions would put 500 billion yuan into the hands of enterprises through reductions in taxes and fees and reduced claims on profit of state-owned enterprises.[19]

The cumulative impact of these measures will be significant. Together, they mean that we will see a rapid change in fiscal stance in the current (non-investment related) part of the national budget. Reduced tax take plus increased current outlays could easily add up to a shift in fiscal position of 2–3 percent of GDP. This would be in addition to the 2 percent of GDP extra investment spending through the stimulus package. It would not be surprising to see China's fiscal deficit swing to 4–5 percent of GDP in 2009 from a small surplus in 2007.

## Monetary and Financial Policy

These strong fiscal responses would be meaningless without further monetary policy moves. In fact, on 26 November the central bank made additional interest rate cuts of 108 basis points, surprising the market with their size. Following the U.S. Federal Reserve Board's aggressive rate cut—to between zero and 0.25 percent—on 15 December, further Chinese rate cuts were inevitable. A modest reduction was made on 22 December, with more cuts likely to follow in 2009.[20] The Work Conference also laid out a guideline for monetary and credit policy in 2009. According to the Work Conference, an extra 100 billion RMB will be allocated to the policy banks, and a total loan increase target of 4 trillion RMB approved (it is pure coincidence that the figure is the same as the stimulus package number). These measures would be part of a push to maintain a 17 percent rate of loan increase, which is projected GDP growth plus inflation plus three to four percentage points. The objective is to push credit funds into the economy despite a declining demand for them.

Given the origins of the global financial crisis in the shortcomings of the U.S. financial sector, it is quite striking that China has maintained a commitment to continue moving forward with financial-sector marketization.[21] In part this liberalism follows from the strong support for small and medium enterprises (SMEs) that has been a feature of Chinese policy since mid-2008. A package of "nine financial measures" in October included new credit mechanisms for SMEs, including permission in principle to broaden the issuance of corporate bonds, set up real estate investment trust funds (REITs), and run private equity (PE) funds. These measures reflect a recognition that SMEs need flexibility in raising funds, and cannot be solely dependent on the banking system.

A further document on financial and monetary policy came out from the State Council immediately after the Economic Work Conference. This document lays out an environment of highly permissive credit policy and standards for bank behavior in the immediate future.[22] It reinforces both the shift to stimulative credit policy and the relatively liberal oversight to be exercised over firms and financial institutions. Many forms of financing firms can be countenanced.

## Conclusion

In China, as in other parts of the world, the 2008 financial crisis is a major economic and political event whose impact and ramifications will be felt for years. In the preceding, I have tried simply to describe the basic policy response in China, without going into the broader economic and political issues in depth. It is clear that in the face of this crisis, we see the Chinese system responding in the way that it is designed to function. That system is quite good at recognizing and responding to an issue of high priority. Policymakers have numerous institutions and procedures for mobilizing opinions and resources, and crafting quick and decisive policies. Moreover, in this context, there is no serious disagreement. There are some people who blame the central bank, and its head, Zhou Xiaochuan, for undertaking contractionary policies and RMB appreciation that added to the force of the slowdown this year. But that criticism has been muted by the PBC's prompt shift in policy stance, beginning in September, and its relatively quick and effective policymaking since. Moreover, the criticism is fundamentally unfair, since it would be more appropriate to credit the PBC's leadership for recognizing that the earlier growth pattern was dangerously unbalanced and taking steps to deal with it when conditions were still good. Other than that, though, one can criticize the PBC for not seeing how serious the financial crisis would be, one has to acknowledge that nobody else saw it either. For now, Chinese policymakers have forged a rare unity in the face of unusually challenging circumstances.

As the crisis works through the economy, and as the government stimulus measures seep down from the top, the system will not display the same attractiveness it has in responding to the initial challenge. Local governments scrambling for projects to be funded from easy-to-get stimulus funds reflect another side of the Chinese system. Financial institutions being encouraged to lend freely is a clear portent of later problems of another sort. Moreover, government influence over the economy is bound to increase in China in the short run, just as it is increasing in scores of other economies in the world, including the United States, the UK, and Russia. Influence follows money and governments everywhere are pumping money into the economy. Yet there is no alternative, and the outcome is still quite uncertain. China is experiencing a severe economic downdraft, but is also pumping substantial amounts of fiscal and monetary stimulus into that economy. The ultimate outcome from these clashing forces will not be known until well into 2009.

## Notes

[1] Barry Naughton, "A New Team Faces Unprecedented Economic Challenges," *China Leadership Monitor*, No. 26, Fall 2008.

[2] Zhang Dandong and Yao Junfang, "*Jiedu hongguan tiaokong zhengce xin jucuo beihou shenyi*" [Decipher the deep behind-the-scenes significance of the new macroeconomic control policy measures], Xinhua, 12 August 2008. Accessed at http://finance.sina.com.cn/review/20080812/14575191792.shtml. Also Xinhuanet, "*Hu Jintao zhuchi zhengzhiju huiyi; jueding zhaokai shiqiejie sanzhong quanhui*" [Hu Jintao presides over Politburo meeting, decides on a 17th PC Third Plenum], accessed at http://news.xinhuanet.com/newscenter/2008-07/25/content_8770081.htm.

[3] World Bank Beijing Office, *Quarterly Update*, December 2008, p. 4.

[4] Chris Oliver, "China's third-quarter GDP growth eases to 9%," MarketWatch, October 20, 2008, accessed at http://www.marketwatch.com/news/story/chinas-third-quarter-gdp-growth-eases/story.aspx ?guid={6568FC1C-009B-4A60-8DCE-E6188FB79BD5}.

[5] "*Wen Jiabao zhuchi zhaokai Guowuyuan changwu huiyi fenxi dangqian jingji xingshi*" [Wen Jiabao convenes State Council Session, Analyzes current economic situation], 19 October 2008, accessed at http://content.caixun.com/CX/00/h5/CX00h5e7.shtm.

[6] Liu Xiuhao, "*Zhuanjia jiedu guowuyuan changwu huiyi sijidu jingji gongzuo bushu*" [Experts explicate the economic work arrangements for the fourth quarter made by the State Council Meeting], *Dongfang Zaobao*, 20 October 2008. Accessed at http://news.sina.com.cn/c/2008-10-20/042016485719.shtml.

[7] It should also be noted that the U.S. financial crisis worsened considerably in two dramatic periods: 15–19 September, when the bankruptcy of Lehman Brothers was followed by the bailout of insurance giant AIG and the announcement of the U.S. Treasury's $700 billion bailout fund; and again the week of October 6–10, when the U.S. stock market Dow Jones index lost 22 percent, its worst week on record. Obviously these events affected Chinese policymakers as well.

[8] "China plans 10 major steps to spark growth as fiscal, monetary policies ease," *China View*, 9 November 2008, at http://news.xinhuanet.com/english/2008-11/09/content_10332422.htm.
[9] Zhang Ping, head of NDRC, quoted in Li Ai, "4 Trillion Investment can Raise the Growth Rate 1% Annually," *Jinghua Shibao*, 27 November 2008, at http://business.sohu.com/20081128/n260906110.shtml.
[10] Zheng Shifeng, "Dissecting the sources of funding for the four trillion RMB plan," *21 Shiji Jingji Baodao*, 23 November 2008, at http://business.sohu.com/20081123/n260793254.shtml.
[11] National Development and Reform Commission, "*Jinnian xinceng 1000 yiyuan zhongyang touzi jihua yi quanbu xiada*" [This year's 100 billion RMB increment to the central investment plan has already been fully promulgated], 18 December 2008, accessed at http://www.ndrc.gov.cn/xwzx/xwtt/t20081218_252365.htm.
[12] See, for example, NDRC, "The 28 billion in additional investment in transport infrastructure has already been begun," 5 December 2008 at http://www.ndrc.gov.cn/xwfb/t20081205_250230.htm; "The new post and telecom investment plan for rural areas has been promulgated," 4 December 2008, at http://www.ndrc.gov.cn/xwfb/t20081204_250000.htm; "The newly increased central government investment in agriculture and water conservancy projects has been completely promulgated," 3 December 2008, at http://xwzx.ndrc.gov.cn/xwfb/t20081203_249838.htm; and elsewhere.
[13]Ruan Qi, "*Difang guding zichang touzi shuzi pengzhang; 18 wanyi shiju wuli fudan*" [Local fixed investment figures are soaring; 18 trillion is impossible to actually bear]," *Shanghai Zhengzhuanbao*, 26 November 2008, accessed at http://business.sohu.com/20081126/n260848416.shtml.
[14] Shen Minggao and Wang Jing, "China's political and economic leaders evaluate ways to navigate China's economy through the global recession," *Caijing* English Online, 11 December 2008; Cui Kan and Wang Changyong, "*Dingdiao 2009: Baocengzhang, kuoneixu, tiaojiegou*" [Setting the tone for 2009: Protecting growth, expanding domestic demand, and adjusting structure], *Caijing,* 11 December 2008, accessed at http://www.caijing.com.cn/2008-12-11/110037212.html; Xinhua, "*Zhongguo mingque mingnian kuoda jumin xiaofei wuda zhongdian lingyu*" [China specifies five large areas where household consumption will be increased next year], *Xinhuawang*, 12 December 2008, accessed at http://business.sohu.com/20081212/n261173612.shtml; Xi Si, "*Zhongyang jiang chuduoxiang jianshui cuoshi cu jiuye*" [The center will implement many tax reduction measures to stimulate employment], *Jingji Guangcha Bao*, 13 December 2008, accessed at http://finance.sina.com.cn/china/hgjj/20081213/07265631795.shtml.
[15] "*Wen Jiabao: Hai jiang zaikaolu geng zhizhie youli ladong jingji cuoshi*" [Wen Jiabao: We're still considering further measures to stimulate the economy more directly], *Xinkuaibao*, 15 December 2008, accessed at http://finance.sina.com.cn/roll/20081215/01472572419.shtml.
[16] Guo Qinhui, "*Minsheng: Gengjiji jiuye, geng quanmian shehui*" [The People's Livelihood: More active employment policy; more comprehensive social insurance] *Diyi caijing ribao,* 11 December 2008; accessed at http://www.p5w.net/news/gncj/200812/t2056869.htm.
[17] Zhong Zheng, "*Shiyiyue quanguo caizheng shouru jixu xiajiang*" [National budgetary revenue continued to decline in November], *Zhongguo Zhengzhuanbao*, 11 December 2008, accessed at http://www.p5w.net/news/gncj/200812/t2057208.htm.
[18]"*Guoziwei dierpi zhuzi qiye weiding; dianli hangyi kenengxing zuida*" [The second batch of SASAC firms receiving capital injections has not yet been decided; but the electricity is the most likely candidate]; accessed at http://bbs.p5w.net/viewthread.php?tid=185419.
[19] "*Wen Jiabao: Hai jiang zaikaolu geng zhizhie youli ladong jingji cuoshi*" [Wen Jiabao: We're still considering further measures to stimulate the economy more directly], *Xinkuaibao*, 15 December 2008, accessed at http://finance.sina.com.cn/roll/20081215/01472572419.shtml.
[20] "Central bank's Zhou: Further interest rate cuts likely," *China Daily*, 17 December 2008, at http://www.china.org.cn/business/news/2008-12/17/content_16962514.htm; James Areddy, "China Cuts Interest Rates for Fifth Time Since September," *Wall Street Journal*, 23 December 2008, accessed at http://online.wsj.com/article/SB122994387266426043.html?mod=todays_us_page_one.
[21] Li Qing, Wen Xiu, and Zhang Yuzhe, "A nine-measure package broadened the government's economic stimulus plan to embrace REITs, PEs and other vehicles," http://english.caijing.com.cn/2008-12-09/110036510.html.
[22] State Council Office, "*Guowuyuan bangongting guanyu dangqian jinrong cujin jingji fazhan de ruogan yijian*" [Several Opinions of the State Council Office on Finance Stimulating Economic Development

under Current Conditions], 13 December 2008, Guobanfa [2008] No. 126, at http://news.xinhuanet.com/newscenter/2008-12/13/content_10500530.htm.