

China's Emergence from Economic Crisis

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Although the global economic crisis is far from over, China has engineered the beginning of a recovery from the initial acute downturn it experienced during the fourth quarter of 2008. Clear signs of growth resumption were evident by May 2009. China owes this rapid recovery to a vigorous response that has been a unique mixture of Keynesian policies and old-fashioned government planning. This has brought newly important policy actors to the fore, most significantly the new super-ministry, the Ministry of Industry and Information Technology. The long-term implications are a more intrusive role for the government across a wide range of economic and policy arenas. Consumer spending has also grown, but the recovery on the consumer side is still fragile.

Immediate Crisis Management

It is now clear that China has successfully managed the unanticipated shock of the first wave of global economic crisis. China's forceful response to a combined domestic and international economic shock was one of the most strongly Keynesian of all the government responses to the current crisis. Moreover, China's Keynesian policies were implemented quickly, with measures to ensure that fiscal stimulus would flow into the real economy within weeks of the initial policy decisions (see *CLM* 28). In addition, China managed public expectations vigorously, successfully increasing confidence and stabilizing expectations, which prevented crisis fears from becoming entrenched as a more pervasive downturn in sentiment. The resulting increase in government demand has been able to largely offset the downturn in foreign and domestic demand, bridging over the initial crisis and allowing the economy to continue growing. Rarely in living memory has a Keynesian initiative worked in such a textbook fashion.

China's effective response has had global repercussions. Its economy is not yet big enough to lead the world out of crisis, but China's economic stabilization has been significant enough to help stabilize the global economy. As it became clear that China had pulled out of its economic nosedive, during March 2009, the sense of panic in global markets began to subside. Expectations of a Chinese recovery underpinned the recovery of global commodity prices that took hold after March, and also contributed to the rebound in global stock markets after 9 March 2009. For a period, Chinese recovery was virtually the only genuinely positive story in the global economy. Other economies could report that things were getting worse more slowly, but China could report that things were getting better. Clearly, China has experienced a remarkable success in economic policymaking.

Many pitfalls remain, and China's turnaround is still fragile. However, it is not too early to begin thinking about the implications of China's distinctive pattern of recovery. Now that the initial stabilization of demand has been successfully carried out, what will be the affects on the trajectory of Chinese policy going forward? Will there be a "new normal" in the Chinese economy, and when will we see it begin to emerge? This piece addresses these long-run questions by examining some of the medium-term changes we see in the Chinese economy. During a period of slowdown in the global and Chinese economies, the most important building blocks of the economy are the components of final demand: investment, consumption, and net exports. In this piece, we examine first the robust growth of investment, and then look at some of the secondary problems created by rapid investment growth. Following that, we examine the moderate recovery of consumption. This approach gives us some perspective on broader changes in the economy, and the role of some newly prominent actors in the Chinese policy process.

Investment versus Consumption

Before the current crisis, China experienced superheated growth between 2003 and the first half of 2008. This rapid growth was based on an extremely unbalanced pattern of development. Investment as a share of GDP was sustained at over 40 percent, while household consumption fell to only 36 percent of GDP (the remainder went to government consumption and net exports). It is well accepted—both among most external experts and as a matter of formal policy of the Chinese government—that Chinese growth has been overly reliant on investment and net exports, and that there is a need to move toward a more consumption-friendly growth pattern. Indeed, official Chinese policy dictated that the economy should move in the direction of a more balanced growth path, and the bare beginning of such a movement took place during the first half of 2008. Macroeconomic policy was focused on slowing the pace of investment, construction, and inflation, using such levers as higher interest rates and moderate appreciation of the RMB. These policies had some effect: For the year 2008 as a whole, the square footage of construction completed declined by about 4 percent. Moreover, there were substantial reports of stress among exporters of low-margin products (such as shoes and garments), whose razor-thin margins were sometimes wiped out by the increase in costs brought on by domestic inflation coupled with appreciation of the RMB. However, we will probably never know the full story of economic conditions during the first half of 2008, because of data limitations,¹ and because the turnaround in economic conditions was so abrupt after mid-year.

Market conditions changed suddenly in July 2008, and by the end of October, policymakers had lost all interest in restraining investment or controlling inflation. Indeed, they were now intently focused on propping up and expanding investment to maintain growth in the face of free-falling internal and external demand. The most immediate objective of the stimulus program agreed in November 2008 was to rapidly ramp up investment spending in order to sustain growth. Despite the rapid and authoritative roll-out, described in the previous *CLM*, it still takes time for activity to get rolling, and during the low point of China's economy, in January–February 2009,

investment's contribution to growth was low. However, from that low point, investment growth has surged steadily upward. May 2009 fixed investment data show growth for the year reaching 33 percent and the implied growth for May alone at a whopping 39 percent. The traditional problems with Chinese investment data—price increases and spiraling land costs overstating growth—are especially acute in inflationary environments, but in today's *deflationary* environment, with most factory prices declining year on year, there is no immediate reason to doubt that real investment growth is as high as the official figure.

This means that China's economy in 2009 will become much *more* dependent upon investment, and even less "balanced" than it has been. This is the inevitable consequence of the successful stimulus package. This pattern is not likely to change in the foreseeable future, either. The flood of credit that began with 2009 eased off somewhat during April and May, but then surged forward again in June, setting off alarm bells at the People's Bank of China. During the first three months, banks extended loans equal to almost 10 percent of annual GDP *above normal* lending patterns. During April and May lending didn't reach quite such heights, but after June's surge, lending in the second quarter was another 4.5 percentage points of GDP above normal (Since all price indexes are falling, there is an even more rapid increase in real credit.)² At the same time, increased fiscal outlays for the formal stimulus plan have continued on a regular schedule, so that by the end of April, 392.4 billion RMB had been disbursed to local governments and ministries. This is exactly one-third of the central government's nine-quarter (two-year-plus) commitment.³

Not surprisingly, increased investment is most evident in various infrastructure sectors. Railroad investment has more than doubled. More fundamentally, the increase in investment is now starting to be felt through the rest of the economy. Heavy industrial production previously had slowed much more than light industrial production, from mid-2008 through February 2009. Now heavy and light industrial growth rates have both recovered somewhat, to over 8 percent in May 2009. This "ripple effect" is the fundamental element on which optimism about China's economy is based.⁴ In this respect, the indicators are strong, though not 100 percent consistent. For example, despite the purported 8 percent growth in heavy industry, electricity consumption in May was still 2.7 percent below that of a year previous. (The gap between industry growth and investment growth could be explained when heavy industry was bearing the brunt of the slowdown, but it is hard to reconcile the continued low levels of electricity output with across-the-board growth in industry.)

Overall, it is clear that investment will play a key role in driving economic growth this year, and the importance of investment in the Chinese economy will, if anything, increase. It is quite likely that investment growth will account for more than four percentage points of GDP growth in 2009. This will support growth, but make the long-run transformation of China into a consumption-driven economy further off, and possibly more difficult.

Costs of the Investment Surge: Hasty and Wasteful Projects

Obviously, if investment has been ramped up so rapidly, some investment decisions have been made hastily, and will turn out to be poor decisions. Already, Huang Yi, the head of the State Administration of Work Safety, has expressed concern that many projects are endangering worker safety, because they were begun hastily and without adequate safety provisions.⁵ The worry more generally is that local governments have pulled out of the closet projects that were unable to pass muster previously for safety, environmental, or economic reasons, dusted them off, and resubmitted them in the current permissive environment.

These concerns are also manifest in the vast amount of new loans on the banks' balance sheets. A number of commentators have noted that banks cannot possibly be doing serious risk and return evaluations for the vast quantity of loans they have approved since the beginning of 2009. Inevitably, this will cause the banks' portfolio of non-performing loans (NPLs) to begin to creep upward after 15 years of sustained decreases. It is probably "worth it," given that the government will be able to pay for poor lending decisions out of a future, larger economy, but it is still a long-term cost of the present policy.

Problematic projects are not primarily those that are formally included in the stimulus program. The government has been careful to publicize the composition of the stimulus program, stressing that investment in the plan must go directly into infrastructure, rather than into expanding ordinary industrial capacity. Moreover, the government has subjected investments within the stimulus plan to a reasonably high degree of scrutiny, both in terms of transparency and of auditing.⁶ But the total size of the stimulus package is roughly 2 trillion for 2009, while the total volume of fixed investment in 2009 will be around 13 trillion. Inevitably, much of the enormous expansion in credit will flow into the non-stimulus package part of investment. This is just as useful, in terms of the Keynesian impact of sustaining growth. But it is more likely to produce shoddy projects that pose additional costs in the future.

Costs of the Investment Surge: Increased Government Steerage

In China, as in other countries, stimulus packages designed to sustain the economy lead to a larger role for government, and a more intrusive role for government in specific sectors and corporations. The United States, now holding a large stake in General Motors, can scarcely expect other countries to refrain from "picking winners" in turn. In China, this general principle will have a different long-term impact, however, because of the pre-existing large role of government in nearly every aspect of the Chinese economy.

In the first place, the sheer size of the government presence has tended to increase. The long-term trend has been for the share of government and government-controlled corporations in overall investment to decline, but since mid-2008, the government share has begun rising again, to 43 percent, as the focus of investment has

shifted to infrastructure, where government traditionally (and inevitably) plays a much larger role. Moreover, government stimulus efforts direct substantial amounts of money at state firms and bureaucracies outside the formal stimulus investment plan. For example, there has been a supplemental allocation of 20 billion RMB for so-called technical renovation projects.⁷ The 10 long-range sectoral “Plans for Adjustment and Rejuvenation” described in the previous issue of *CLM* also have significant funding associated for investment projects.

Perhaps inevitably, when government agencies have resources and are encouraged to spend money, they develop more active and interventionist agendas. There are currently two Chinese government agencies that are amassing power and becoming more interventionist. The first is the National Development and Reform Commission (NDRC), which has its hands full with the elaboration of the stimulus plan, and with strategizing about energy and global warming. The other agency undergoing a dramatic expansion of activity is the Ministry of Industry and Information Technology (MIIT). In part, this is a matter of personnel and mission. MIIT’s minister is Li Yizhong, a former general manager and chairman of Sinopec, and a full Central Committee member since the 16th Party Congress (November 2002). Li Yizhong was Party secretary and vice-head of SASAC (the State Asset Supervision and Administration Commission) during its first several years of operation after 2003. He was moved from SASAC to head the Work Safety Administration in response to an urgent need, but also because he did not get along very well with Li Rongrong, the head of SASAC, who was far more dynamic and open-minded.⁸ When MIIT was set up as a new “super-ministry” in 2008, Li Yizhong was brought in as minister. Li Yizhong is a classic Party bureaucrat interventionist.

MIIT’s mission and clustering of responsibilities strongly supports this kind of intervention. As a “super-ministry,” MIIT is in some ways more removed from the daily operations of individual factories, but it also was given oversight over most of the key “industrial policy” constituencies within the government. These different agencies have certainly not been unified under MIIT control; in fact, they remain in their original locations, so that MIIT divisions are scattered in three or four buildings across town. Nevertheless, MIIT’s political oversight powers, combined with the new conditions created by economic crisis, tend to give these industrial policy agencies increased “clout.” For example, MIIT took over the former Ministry of Information Industry (MII), which was responsible for telecom development and also fostering the most sensitive electronics hardware sector, amalgamating these responsibilities with those of the former State Council Office on Informatization. In similar fashion, MIIT took over the former National Defense Science and Technology Industry Office, with oversight of key military industries (except nuclear).⁹ The industrial management bureaux, which were the part of NDRC with the most direct industrial management responsibilities, were also placed under MIIT’s supervision. This organizational consolidation was reinforced by MIIT’s stated mission, which is to foster the adoption of information technology throughout the industrial economy. It is not surprising that they would interpret this as meaning that they are supposed to be a modern-day version of Japan’s MITI, steering the technological trajectory of dozens of sectors and markets.

Finally, MIIT reports to Vice-Premier Zhang Dejiang, who is a pragmatic and interest-driven politician. Zhang has not been particularly involved in the key economic decisions of this administration, but he has a rather free hand working with Li Yizhong in the distribution of resources and technological mandates to government businesses. This is not too different from what Zhang did as a provincial official, most recently in Guangdong Province. While Zhang's overall policy record in Guangdong was poor, he was considered reasonably effective in cultivating business interests and building patron-client networks. Thus, Zhang's oversight is probably ideal for Li Yizhong, who is left fairly free to pursue his visions and policies. Career bureaucrats with long histories in telecom will also be an important influence. We can already see evidence of this in the stepped-up emphasis on China's homegrown third-generation telecom standard, TD-SCDMA, entrusted to China Mobile in the telecom reorganization of the last year. There had been some signs that the government was willing to allow competition to finally determine the fate of this standard. But recent policy statements make it clear that MIIT is stepping up the commitment of resources in support of this technology.

The hand of MIIT can be readily discerned in two controversial decisions that have come out of China recently. First, eight ministries jointly sent out a notice emphasizing that Chinese government procurement—which includes the stimulus investment package—should give preference to Chinese domestic producers.¹⁰ This highly authoritative order was dressed up in the assertion that local government investors were discriminating against domestic goods in favor of foreign, a possible occurrence but rather unlikely as a general proposition. The order immediately attracted the attention of the world press, which noted the rather obvious contradiction between Chinese criticism of a similar (but more restricted) provision in the American stimulus package, and the flagrant contradiction with Chinese attempts to position themselves as principled opponents of protectionism.¹¹ It is true that China, unlike the United States, has not signed the international agreement on government procurement, which establishes reciprocal obligations of nondiscrimination (applying only to other signatories of the agreement.) Therefore, China has the “right” to apply this kind of domestic purchasing preference. However, this measure will bring China far more harm than good, by strengthening protectionist pressures in other countries. While the NDRC was the lead agency issuing this order, the impetus clearly comes from the industrial management bureaux that are now formally subordinate to the MIIT. In particular, this policy reflects concern with the economic condition of Chinese makers of production machinery. The sector had achieved some incipient recovery during the boom years of 2003–2007, but is now suffering again. This measure is a clear effort to build the sector back up.

The second controversial decision is the so-called Green Dam software edict. In this case, MIIT required that all computers sold in China as of 1 July 2009 should have the Green Dam censorship program pre-installed, ostensibly to provide anti-pornography protection. By most accounts, the impetus for this decision came from the Chinese Communist Party Propaganda Department, and from a personal decision made by Politburo Standing Committee member Li Changchun, who is in charge of this department. The decision set off an international storm. Protests began immediately because of the obvious aversion companies feel to being forced to facilitate Chinese

government efforts to monitor and control their population. But a whole raft of other issues emerged as well, including the fact that the ownership of the core technologies in the software is not unchallenged, and that the software has programming flaws that could serve as a Trojan horse, allowing outside parties to seize control of the user's computer.¹² Less than 48 hours before the order was to go into effect, it was indefinitely "suspended." In fact, the advocacy of Green Dam can be traced back to the January 2009 initiation of an anti-pornography campaign on the Internet, sponsored by the Internet Society of China, a quasi-independent organization that is in actuality an offshoot of the MIIT (though it is also strongly influenced by the Propaganda Department).¹³ In bringing together its ability to influence the Internet directly (through the Internet Society of China) and its ability to influence hardware producers, MIIT is doing, in a sense, exactly what it was established to do: coordinate policy across a broad swath of issue areas. However, this ongoing episode reflects a clumsy and misguided effort from MIIT. This tendency to overreach is likely to characterize MIIT actions for the immediate future.

China's response to the economic crisis has been remarkably dynamic. But the impact of many of these interventions will be, willy-nilly, to push China back toward an older pattern of economic operation. With even higher levels of investment in the overall economy, with government commanding a larger share of total resources, and with a more assertive, interventionist attitude taking hold in certain government quarters, today's China is increasingly resembling the old China, semi-planned and semi-market. However, the picture is far from one-sided, as we see when we examine the consumption side.

Consumption

From the above discussion of investment, it might seem that China has been neglecting the consumer side and that consumer demand is lagging. In fact, consumer demand has also begun a recovery in China, although the indications are far more complex and contradictory than in the case of investment. Let us first examine a case of unambiguous success. The Chinese government has managed to dramatically turn around the automobile market, which had been retrenching during 2008. Automobile sales peaked at a million units in March 2008, and then slid to under 800,000 monthly units through February 2009. Since March 2009, though, sales have surged back well above 1 million units. The recovery has been concentrated in light vehicles and trucks, where the government has given generous incentives. The vehicle tax was cut in half for passenger cars below 1600cc displacement. In addition, rural residents qualify for a 10 percent rebate (up to a maximum of 5,000 RMB) for light vehicles. As a result, light passenger vehicle sales have shot up 38 percent, leading a 21 percent increase in total passenger car sales.¹⁴ The recovery of automobile demand has not only pulled the automobile industry out of its temporary slump, but also indicates that consumers in China retain sufficient confidence to make big-ticket purchases. Indeed, the national government launched three separate subsidized consumption programs in rural areas this year: auto sales subsidy, household electric and electronic devices, and agricultural machinery. The central government earmarked respectively about 5 billion for autos; up to 50 billion for

household electronics; and another 10 billion for agricultural machinery.¹⁵ These subsidies amount to almost 2 percent of rural retail sales for 2008.

In turn, retail sales seem to indicate a robust recovery in consumption demand. In May, retail sales of consumption goods increased 15.2 percent, while the consumer price index declined by 1.4 percent. Unfortunately, retail sales is not a very good measure of consumption demand, since it includes substantial sales to government and organizations, and has incomplete coverage of many kinds of household consumption. During the first half of 2009, according to household surveys, urban per-capita household income increased by 9.8 percent and rural money incomes increased by 8.1 percent. Moreover, consumption outlays by urban households increased less than income, at 8.9 percent. Even the incomes of migrant workers outside the survey area increased by 7.7 percent. These data compare to a reported 15 percent increase in retail sales in the first quarter.¹⁶ Thus, we should not accept the implication from retail sales that consumer demand is increasing at 15 percent rates. Nevertheless, growth of household consumption in the 8 to 10 percent range is substantial, and indicates a remarkable achievement by Chinese policymakers.

Robust income growth is taking place in an economic environment of continued uncertainty. Households are well aware that employment is less certain than ever before. The difficulties recent college graduates have experienced in finding employment have been widely reported. In the People's Bank of China's quarterly survey of depositors,¹⁷ only 15 percent of respondents indicated they intended to increase consumption in the near future, the lowest number on record; 47 percent said they intended to increase saving, the highest on record. There are still challenges in stimulating consumption.

Changes in labor markets are an underreported aspect of China's current economic predicament. While measures have been taken to stimulate consumption, those measures will likely not reach the unemployed. And there is little information about the unemployed. Many workers have been maintained in formal employment relationships, but have no actual work to do. If the firms can continue to support them (large SOEs) they continue to earn salaries; if the firms cannot support them (small private firms) the workers will typically be furloughed, sent home with no pay but not formally fired. This will not be sustainable over a prolonged downturn. Certainly, such workers are not substantial beneficiaries of China's new welfare-state-in-formation. Indeed, despite the economic crisis, the number of unemployed workers who received unemployment compensation actually decreased during 2008, declining from 2.86 million to 2.61 million during the course of the year. This is despite the magnitude of the crisis and the fact that the unemployment funds took in 58.5 billion RMB in employer and employee payments in 2008, more than twice the 25.4 billion they paid out (they ended the year with a cumulative surplus of 131 billion RMB).¹⁸

Chinese planners were shocked at the depth and persistence of the export downturn. At the end of 2008, they still expected zero growth of exports for 2009. That is now obviously extremely unlikely. Exports in May were down 26.4 percent over the year previous figure, the worst monthly figure yet, and a staggering downturn for an export

sector that *grew* 28 percent in May 2008. There has been a revival in new export orders over the past two months, suggesting stabilization and perhaps even modest growth. However, it is clear that the foreign sector will contribute little, if anything, to China's growth in 2009. (Any contribution to growth the foreign sector makes will come from the large reduction in imports that China's weaker economy is drawing in.) These trends in world trade will continue to restrain employment growth and consumer confidence, and reinforce China's growth dependence on investment.

Conclusion

China is on track to achieve significant economic growth in 2009, with both investment and consumption growing robustly. That is an enormous achievement. At the same time, the long-run consequences of China's effective adaptation are far from clear. The recovery in investment depends on a huge increase in government investment that has been accompanied by a surge in government interventions in the economy. The rush to invest will inevitably be accompanied by some erosion in the quality of growth. On the consumption side, households are still cautious. Significant increases in consumption have been elicited by government programs to subsidize big-ticket items. Inevitably, such programs draw some purchasing power from future periods, as households move forward purchasing decisions to take advantage of current programs. Optimism about China's economy is justified, but should be tempered by a great deal of caution.

Notes

¹ For example, fixed investment data include the price of land purchases, which simply transfer income from one pocket to another. Given that land prices spiraled upward from the early 2000s until early 2008, fixed investment figures in the periodic statistical reports overstate the growth of investment. Most—but not all—of these problems are repaired when the annual national accounts are prepared.

² Updates on credit conditions are posted regularly at <http://www.pbc.gov.cn>.

³ Han Xiaodong, “*Touzi gongxianlu jiang jinyibu tisheng; ling jingji ‘baoba’*” [The contribution of investment is gradually increasing, powerfully supporting the ‘maintain eight’ (goal)], *Zhongguo Zhengzhuobao*, 1 June 2009, accessed at http://news.xinhuanet.com/fortune/2009-06/01/content_11464760.htm.

⁴ Ministry of Industry and Information Technology, “*Zhongguo Gongye Jingji yunxing 2009 nian chunji baogao*” [China Industrial Operations Spring 2009 Report], 21 May 2009, accessed at <http://www.miit.gov.cn/n11293472/n11293832/n11293907/n11368223/12368371.html>.

⁵ Cheng Gang, “*Anjianzongju xinwen fayen ren : Siwanyi touzi xiangmu anquan yinhuan buke hushi*” [Spokesman for the Work Safety Administration: We can't neglect the potential safety problems in the 4 trillion RMB investment program], *Zhongguo Qingnianbao*, 15 June 2009, http://news.xinhuanet.com/local/2009-06/15/content_11543560.htm.

⁶ Ye Yong and Li Dandan, “*Shenjishu: Bufen xindai zunyinhang moulichu; weizhuru shiti jingji*” [Audit Office: Some loans funds have been put into the bank to take advantage of interest differentials; funds haven't reached the real economy], *Shanghai Zhengzhuobao*, 29 May 2009, accessed at <http://finance.sina.com.cn/g/20090519/05156243023.shtml>; The original Audit Office report is at http://www.cnr.cn/gundong/200905/t20090518_505336901.html.

⁷ Han Xiaodong, “*Touzi gongxianlu jiang jinyibu tisheng.*”

⁸ Li Rongrong, unusually, was the top leader in SASAC, outranking Li Yizhong, even though the latter was the Party secretary. This was noted on the SASAC website and confirmed in background interviews.

⁹State Council, “*Guowuyuan jigou gaige fang’an*” [State Council Organizational Restructuring Plan], *Caijing Net*, 12 March 2008, accessed at <http://www.caijing.com.cn/home/jsywx/china/2008-03-12/52079.shtml>.

¹⁰NDRC et al., “*Guanyu guanche luoshi kuoda neixu cujin jingji cengzhang juece bushu; jinyibu jiaqiang gongcheng jianshe zhaobiao toubiao jianguan gongzuo yijian de tonzhi*” [Notice on implementing the policy arrangements for increasing domestic demand to stimulated economic growth; and opinions on strengthening oversight of construction tendering], 26 May 2009, accessed at http://www.ndrc.gov.cn/zcfb/zcfbtz/2009tz/t20090604_284262.htm and <http://www.ndrc.gov.cn/zcfb/zcfbtz/2009tz/W020090604340199778069.pdf>; for an article on the decision, see Wang Hongshu, “*Fagaiwei nijawen zhizhi 4 wanyi gongcheng caiguozho qishi guohuo xianxiang*” [NDRC issues a document to prevent discrimination against domestic products in the 4 trillion project procurement], *Zhongguo Jingji Zhoukan*, 15 June 2009, accessed at http://news.xinhuanet.com/fortune/2009-06/15/content_11542550.htm.

¹¹Anderlini, Jamil and Sarah O’Connor, “‘Buy Chinese’ edict set to cause unease for Beijing trade partners,” *Financial Times* (London), 17 June 2009, p. 1.

¹²Wolchok, Scott, Rany Yao, and J. Alex Halderman, “Analysis of the Green Dam Censorware System,” Computer Science and Engineering Division, University of Michigan, 18 June 2009, accessed at <http://www.cse.umich.edu/~jhalderm/pub/gd/>.

¹³Bandurski, David, “ISC required members to ‘actively’ promote Green Dam last January,” *China Media Project*, 16 June 2009, accessed at <http://cmp.hku.hk/2009/06/16/1665/>; Worthen, Ben, “Trade Groups Ask China to Scrap Filter,” *Wall Street Journal*, 17 June 2009, p. B5.

¹⁴These light vehicles now account for 69 percent of the total automobile sales. Ministry of Industry and Information Technology, “*2009 nian 1-5 yue qiche gongye jingji yunxing qingkuang*” [Operational conditions of the automobile industry during the first five months of 2009], 12 June 2009, at <http://www.miit.gov.cn/n11293472/n11293832/n11293907/n11368223/12409783.html>.

¹⁵The first two programs were described in *China Leadership Monitor*, No. 28. For agricultural machinery, 6.16 billion was actually expended by 30 April 2009. Ministry of Industry and Information Technology, “*Zhuangbei gongye chanxiao xingshi haozhuan*” [The equipment industry has taken a turn for the better in production and sales], 17 June 2009, accessed at <http://www.miit.gov.cn/n11293472/n11293832/n11293907/n11368223/12411543.html>.

¹⁶These data are available on the National Bureau of Statistics website, respectively at http://www.stats.gov.cn/tjfx/jdfx/t20090727_402574913.htm; http://www.stats.gov.cn/tjfx/jdfx/t20090724_402574576.htm; see also http://www.stats.gov.cn/tjfx/jdfx/t20090427_402554618.htm; http://www.stats.gov.cn/tjfx/jdfx/t20090424_402554253.htm; and http://www.stats.gov.cn/tjfx/jdfx/t20090417_402552550.htm.

¹⁷People’s Bank of China, “*2009 Nian di 2 jidu zuanguo chengzhen chuhu wenjuan diaocha zongshu*” [Summary results of the second quarter 2009 nation survey of urban savings account holders], 12 June 2009, accessed at <http://www.pbc.gov.cn/detail.asp?col=100&id=3254>.

¹⁸Xia Zhongnan, “*Quanguo shebao shiye qude xinjinzhan*” [New progress in national social insurance], *Zhongguo Renshibao*, 15 June 2009, accessed at http://www.mohrss.gov.cn/Desktop.aspx?path=mohrss/mohrss/InfoView&gid=fed02964-5015-44a8-b7fb-65ef48d32137&tid=Cms_Info.