Inequality and the Dual Circulation Strategy of China

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Slowdown since 2008/09

Why???

Drivers of China’s Growth:

Two Legs = Reforms + Opening-up

One Leg = Globalization

Source: WDI database
Importance of Globalization

Historical events

- 1992.1.18 - 2.21
- 2001.12.11

Two Comparisons

Pre- and Post-reform in the PRC Era

The Rise and Fall of China since year 1000 AC
Importance of Globalization

Ming: 1368-1644
Qing: 1636 - 1912
De-globalization after 2008
De-globalization

全球贸易总量

FDI流量

数据来源：world bank、WTO、UN
Not Part of the Economic Cycle
Warning/Advice since 2009
Calling for Raising Domestic Demand

Eventually... the “Dual Circulation” = Innovation + Domestic Demand
High Inv & Declining Returns

WB: 8-10-15%
Dual Circulation = Reduce Savings

Why save so much and consume so little?

Culture (E Asia 60% of Reserve) and ...
High Inequality: Gini and Theil
Income Gini = 0.42, Wealth?

- Wealth Gini
- Housing Wealth Gini
Top 1% Gets...

Same as the bottom:

Income: 24.0%, 1.4M = 350M
Wealth: 68.2%, 950M
Housing: 71.0%, 1000M

How many times relative to the bottom 1%?

Income: 88.7
Wealth: 12 499
Housing: 123 343

The Common Prosperity Campaign
Growth Outlook?

- The “Dual Circulation” Strategy of 2020.5.20?
- The “Common Prosperity” Campaign of 2021.5.20?
- Culture and Inequality
- > 5% in the Medium Run???

Thank you!