

Economic Systems**Compare and Contrast**

China, the world's most populous nation, has one of the world's fastest growing economies. Once essentially a command economy, China has recently pushed market-oriented economic reforms. As a result of these reforms, the nation's private sector and share of trade in the global market are growing rapidly. Among other changes, China is privatizing agriculture, developing a banking system and stock markets, and giving enterprises run by the state more freedom to make decisions. Also, it is opening up to trade and foreign investment. China has the second largest economy in the world after the United States. Yet, in spite of its dramatic growth, compared to the United States, it is still a poor nation.

To help you understand how the economies of China and the United States use their resources to meet their peoples' needs, you can compare and contrast them, noting similarities and differences between them. The chart below identifies some economic facts and indicators for both nations. You might also look at a map of China and note its size and physical features and its borders with other nations. Consider how these physical features might influence China's economy. Study the map and chart and then compare and contrast the economies.

| Compare and Contrast Chart | | |
|---|------------------------|---|
| | U.S. | China |
| Type of government/economy | democratic/free market | communist/mixed command and free market |
| Population | 298,444,215 | 1,313,973,713 |
| Labor Force | 149.3 million | 791.4 million |
| GDP | \$12.36 trillion | \$8.859 trillion |
| GDP per capita | \$41,800 | \$6,800 |
| Unemployment rate | 5.1% | 4.2% |
| Poverty rate | 12% | 10% |
| Arable land | 18.01% | 14.86% |
| Exports | \$927.5 billion | \$752.2 billion |
| Imports | \$1.727 trillion | \$631.8 billion |
| Largest economic sector, as % of economy | services | industry |
| Largest economic sector, as % of labor force | services | agriculture |
| Budget (revenues) | \$2.119 trillion | \$392.1 billion |
| Budget (expenditures) | \$2.446 trillion | \$424.3 billion |
| *Note: GDP (Gross Domestic Product) is the market value of goods and services that a nation produces within a year, measured in dollars. GDP per capita is the average economic output of a person in the population. | | |

Source: *CIA World Fact Book 2006*

ECONOMICS SKILLS AND PROBLEM-SOLVING ACTIVITIES, *CONTINUED*

MAIN IDEAS

1. What similarities and differences do you find between the two economies?

2. What might these economic indicators tell you about differences in the daily lives of Chinese and Americans?

3. Why do you think that so many Chinese remain poor in an economy that is so large and growing so rapidly?

4. What impact do you think the economic changes and rapid growth of China's economy will have on the Chinese and on the world?
