

# Re. Understanding China

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Its economic gains of the past 25 years have been impressive, but there seems to be an unwritten law of economic gravity that a country can grow quickly for a long time, but cannot do so indefinitely.

Economics works largely by physical constraints on the real world, rather than by 'unwritten laws'.

Apparently many don't understand the economic development 'event' in China.

Since this event, like industrialisation and the discovery of distant lands can only happen once [in a civilisation], it must be understood theoretically — without recourse to previous examples.

The key concept is the dependancy ratio: the number of unproductive citizens eg. students and pensioners; to working producers.

In societies like Africa and the middle east, where the number of children per mother is high, economic development is near impossible because resources to educate the next generation, to develop the society, are never available. The poverty trap.

The other type of high dependancy ratio exists increasingly in Europe and Japan, from the numbers of pensioners to workers. Contrary to press hype this is not a problem, since productivity is already high in these societies.

Obviously, as the demographic buldge moves from too many young unproductive persons to many pensioners, it passes through the 'many productive-aged and educated persons' stage.

Because China bit the bullet re. the one-child policy some years ago, and they have a traditional respect for education, a massive wave of producers has recently hit the market. This bubble can only last for some 20 years; never to be repeated.

The same mechanism could theoretically also happen in India.

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But since China has the greatest population, the magnitude of the effect is unlikely to be repeated ever again.

== Chris Glur.