Economic problems with state’s overinvolvement in China

ghost cities (To boost gdp and effectively planning out cities, but very wasteful)

talking points

-Local governments tried to stimulate their economies by stimulating the property market

-There are 64.5 million empty apartments

-Some ghost cities get filled with people later on. These cities are usually close to developed cities, they give developed cities the potential to expand, as a Chinese mayor said, it's like buying a suit a few sizes too big for a growing boy

-Some ghost cities are jumpstarted by industry, like Foxconn setting up factory in Zhengdong

data

-ABC (2018): https://www.abc.net.au/news/2018-06-27/china-ghost-cities-show-growth-driven-by-debt/9912186

Infrastructure with Railroads specifically (To have political gain and long term economic plan, but a lot of debt)

talking points

-Most rails were built because they are a key driver for long term economic development

-Some rails were also built to make rebellious provinces to be closer to Beijing

-Infrastructure construction costs are on average 30.6% higher than estimated costs, three quarters of transport projects came over budget

-Two thirds of roads have use shortfall of 41.2%, but one third have use surplus of 61.4%

-Estimation of infrastructure cost have equalled one third of 28.2 trillion debt

-China Railway General's debt went from 70.39 billion in 2005 to 700 billion in 2016

-Other than the rail between Beijing Shanghai and Beijing Guangzhou, most of the other rails are way below capacity. For some routes, the ticket revenue can't cover the cost o electricity, such as Lanzhou Xinjiang

data

-Global Times (2019): http://www.globaltimes.cn/content/1137734.shtml

-Wendover Productions (2018): https://www.youtube.com/watch?v=0JDoll8OEFE

-Oxford (2016): http://www.ox.ac.uk/news/2016-09-12-chinas-infrastructure-investments-threaten-its-economic-growth

-China Scope (2019): http://chinascope.org/archives/17664

Controlling of Stock Market Crash (To stop crashing, but deter future investors)

talking points

-Limit short selling under the threat of arrest

-The government suspended initial public offerings, in order to limit the supply of shares to drive up the prices of those already listed

-Brokers were given central-bank cash to buy shares to increase the demand o shares

-China Securities Regulatory Commission imposed a six-month ban on stockbrokers owning more than 5 percent of a company's stock from selling those stocks

-The Chinese government arrested 197 people for spreading rumors to manipulate the stock market

data

-Forbes (2015): https://www.forbes.com/sites/jessecolombo/2015/07/12/watch-these-charts-to-better-understand-chinas-stock-market-crash/#14f849a1e8d5

-The Economist (2015): https://www.economist.com/free-exchange/2015/07/07/a-red-flag

-Reuters (2015): https://www.reuters.com/article/us-china-markets/china-stems-stocks-rout-but-market-faces-lengthy-hangover-idUSKCN0PI2RT20150709

-The Wall Street Journal (2015): https://www.wsj.com/articles/in-chinas-widening-stock-crackdown-its-kill-the-chicken-to-scare-the-monkey-1447355146

Casual Origin

These are just a couple of examples of the Chinese government is being way too ambitious in development. It's not that I don't agree with the direction, but I think it needs to slow down a little bit.