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Why Are Saving Rates So High in China?

by Dennis Tao Yang, Junsen Zhang, Shaojie Zhou
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Abstract:

In this paper, we define "The Chinese Saving Puzzle" as the persistently high national saving rate at 34-53 percent of gross domestic product (GDP) in the past three decades and a surge in the saving rate by 11 percentage points from 2000-2008. Using data from the Flow of Funds Accounts (FFA) and Urban Household Surveys (UHS) supplemented by the findings from existing studies, we analyze the sources and causes of China's high and rising saving rates in the government, corporate, and household sectors. Although the causes of China's high saving are complex, we suggest that the evolving economic, demographic, and policy trends in the internal and external environments of the Chinese economy will likely lead to a decline in national saving in the foreseeable future.

Text: See [Discussion Paper No. 5465](#)



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