

Abstract

The topic of this paper is relation between the current demographic policy of China and its GDP. A large number of papers have been already written on the subject; however, there is still a space for theoretical analysis and empirical estimation: use more recent data, find new variables and relations. In this thesis we have performed a research based on panel data on 31 Chinese provinces for the years 1995 – 2015. Based on Solow growth model, we chose gross regional product of each province as dependent variable; gross capital formation, foreign direct investment and joint variable of percentage of ethnic minorities multiplied by birth rate have been chosen as independent variables. As an estimation technique we use fixed effects model.

Empirical estimation led us to the following findings. Firstly, the impact of the one child policy on economic growth of China is negative. Secondly, the impact of the foreign direct investment on gross regional product is insignificant. Thirdly, high percentage of ethnic minorities in the population of the region negatively affects its economy.

We come to a conclusion that the government of People's Republic of China has to further adjust the demographic policy in order to secure further sustainable growth.

JEL Classification

Keywords demography; one child policy; economic growth; panel data;

Author's e-mail karinka-30-06@mail.ru

Supervisor's e-mail michal.paulus@fsv.cz