

EE 363: Economics of Selected Asian Countries

Chinese Economy

Homework 1

Due date: August 31, 2022 in class
Late submission will NOT be accepted

Traffic congestion has been a major issue in metropolitans all over the world these days. To solve the issue and to help air pollution control, different cities in China are adopting different methods.

For example, Beijing is adopting a lottery system to allocate car plate, with a winning rate of approximately 0.03%. In addition, Beijing also put travel restriction on 2 ending numbers of car plate for one day per week.

Shanghai is using a car plate auction method to manage the issuance of car plate. For example, 171,009 people joined the car plate auction in July 2022, 10.05% of the people bid successfully, and the average bidding price was 91,700 CNY.

Shenzhen is taking a combination of Beijing's lottery system and Shanghai's auction method, residents can choose either path to get a car plate. In the most recent bid in July 2022, the average successful bidding price was 42,069 CNY, and 2930 people got the car plate through the auction. In the lottery system of Shenzhen, the winning rate is approximately 0.2%.

Please comment on these policies from the perspective of economic impact on personal and society's welfare, combined with city's feature if possible. Please provide related analysis if there is any.