

Good example of
chinas future growth:
even dragons tire, the
economist, 25 oct
20...

[Politics](#), [Democracy](#)



Article Review-1

Summary

This article analyzes declining economic growth of China. Additionally, it tells about several forecasts that predict even stronger slowdown of China's economic growth in future, and discusses possible reasons of this decline. According to the article, average economic growth rate of China from 1980 and until two years ago was equal to approximately 10%. However, during the third quarter of this year, Chinese economy grew by only 7.3% year-on-year. Several sources, including experts from the Harvard University and the IMF, assume that the growth rates will fall to 6.3% by 2020.

One possible explanation for the falling economic growth rates of China is historical trends. The article presents Brazil and Japan as examples. Japan in 1991 and Brazil in 1980 demonstrated impressive economic growth rates, but they were not able to sustain them for long. Another reason of China's economic growth slowdown discussed in the article is the transformation of Chinese economy into a more liberal one. The majority of developed countries have a much higher level of democracy than China. And, according to historical trends, transition to democracy is usually accompanied by declining economic growth.

What information or ideas discussed in this article are also pertinent to our class discussions?

The slowing growth rate of Chinese economy was seriously affected by its political system and low level of democracy, which relates to Four Risks of International Business, namely the country risk. Governmental policies of

protectionism and high control over markets create a need for liberalization of economy, and this transition process coincides with the slowdown of economic growth.

What did you learn by reading this article?

I learned that having a powerful economy does not always mean stable and high economic growth. There are many factors that can affect economic growth rates, such as market liberalization level and political system.

New terms and Concepts

When analyzing the article, I discovered a new term – “extrapolate”, which refers to a process of predicting or estimating some data based on known historical data.