

Summarizing thus its ability to overcome the "middle

[Business](#), [Accounting](#)



Summarizing the evidence, to achieve its ambition of sustaining growth for another 30 years, China will require not only technological and human capital improvements, but also reform of its rule of law, the role of the state, and the re-balancing of its economy. To achieve these aims will also require examining the role of the state in China and the legal system.

The retention of large state-owned enterprises and the increasingly perceived “un-level playing field” for both foreign and domestic private firms raises doubts as to the efficiency of China’s markets and thus its ability to overcome the “middle income country trap,” whereby countries start to slow after reaching upper middle income levels. For China to realize its potential as an economic superpower requires reforms of both the microeconomic drivers of productivity as well as significant transformation of the structure of its economy. Conclusion Monetary policy is not only one of the most important and basic macroeconomic policies, but also an important means of controlling inflation. There are mainly two approaches to achieve the control of inflation: firstly, by reducing the growth rate of money supply to inhibit the aggregate demand; secondly, by increasing the interest rates to restrain demand of investment and stimulate savings. Thus, in order to balance the aggregate demand and supply.

China’s central bank has introduced and should continue with the method of reducing currency in circulation in order to boost the demand for money, therefore reduce the inflation pressures. Meanwhile, increase the interest rate which leads to reduction in the amount of loans, thereby, narrow the scale of investment, balance out saving and investment, and eliminate the

gap of demand and supply, thus achieving the purpose of preventing inflation. enterprises are important to make the price relatively stable. Enterprise reform might also be useful to cut down the business costs. Controlling inflation should be considered from both macro and micro aspects. On the macro aspect, the combination of fiscal and monetary is required, for instance, through the price control of energy, real estate, agricultural products as well as other fields.

On the micro aspect, the market competitions and the development of private enterprises are possible measures to reduce the level of inflation. Lastly, the inflation makes China's exports more expensive. Exports are China's main force that support the economic growth, if exports become less competitive, this will definitely restrict future development. Secondly, in the labor market, wages are often determined by the contract that is signed in advance, which means that the rise in wages always tends to be slower than the rise in price. Therefore, when inflation occurs, without the increase in wages, workers' real purchasing power has declined, thus, resulting in a decline in their living standards. Firstly, as we know, the most obvious characteristic of inflation is the substantial increase in price. This increase is not triggered by the real increase in demand, it is because producers' speculative action or consumers' fear of further increase in price. Since nobody could have the complete information of the market, this uncertainty is likely to boost more investment and blind consumption.

As a consequence, the whole industry chain and the corresponding industrial structure will be negatively affected, eventually lose the economic balance

and even vicious spiral. Apart from the internal causes, changes in the international context also bring considerable effects to Chinese inflation. First of all, international trade may impact the domestic inflation. Global trade creates internationally economic links of all countries. Any changes in the global economy also generate undeniable influences on China's inflation. For example, American inflationary pressure can be transferred to China owing to the fixed exchange rate of China for trading activities such as the growing importation from America (Feyzioglu & Willard, 2008). Approximately, one-tenth of the inflation in China can be influenced by the US GDP, the US output and US inflation (Feyzioglu & Willard, 2008). Consequently, a huge amount of foreign currency is poured into China which is then converted into Yuan by The People's Bank of China (PBOC). Therefore, money is pumped into domestic market which far exceeds the real demand, making the Yuan depreciate and finally boost the price level. Precisely, the monetary factor is more likely to be the root of China's inflation no matter in theory and in figures. In the past decades, China has experienced a rapid economic growth. However, Chinese people have been greatly affected by the inflation caused by such rapid economic development. Compared with other years in 2000s, the inflation rate in 2004, 2007, 2008 and 2010 were quite higher which more than 3 percent (Zhang, 2011). And in 2007 only, the Consumer Price Index (CPI) increased by nearly 5% from 2.2% to over 7% (Anderson, 2008). It seems to be clear that inflation rate has not been slowed down yet.

Understanding causes of inflation as well as finding effective measures to fight against inflation are imperative for Chinese government. What are causes of inflation in China and how to cope with inflation? Price level analysis Easier access to information on job opportunities and fostering the establishment of private employment agencies would help improve the matching of job seekers with prospective employers. Strengthening the social safety net. Widening the coverage of the unemployment insurance scheme and other social safety nets would be helpful in protecting vulnerable groups.

Improving job search services To encourage greater labor mobility, restrictions on internal migration have been reduced. However, a further liberalization of the " hukou" system of residency permits will likely be needed to allow surplus rural workers to move to the cities and allow unemployed and xiangang in low-job-growth regions to relocate to higher-growth regions. This reform will also be important in addressing the widening gap between urban and rural incomes. Improving worker skills. In order to enhance employment prospects of the lower skilled rural and urban unemployed workers, better education and training is important (with assistance from the ILO). Labor mobility The labor market has become more market-oriented over the past twenty years, and the main challenge now is to create quality jobs for the new entrants to the labor force as well as absorb the sizable labor surplus in the SOE and rural sectors. To address the labor market pressures, government policies will need to focus on encouraging job growth in the private sector (especially in the service sector),

which has been the main source of job growth in recent years; reducing barriers to migration; developing worker skills; facilitating job searches; and strengthening the social safety net.

POLICY OF GOVERNMENT -Lack of position mobility inside some enterprises .- Absence of career planning instructions results in graduates inefficiency of job hunting and unrealistic self-position.-There are 3 million unemployment youth in urban China, constituting 23% of a 13 million urban unemployment population.

-Limited qualified faculty, outdated infrastructure obsolete curriculum. - Happens among fresh graduates. However, we can say that in China demand supply gap persists in the labor market, unemployment will exist. The pace of economic growth is also a factor contributing to the different types of unemployment. Structural unemployment arises when the qualification of a person is not sufficient to meet his job responsibilities. Stated alternatively, structural unemployment arises when the marginal revenue product of a person falls short of the minimum wage that can be paid for the concerned job. In China, the workers lose their job because of inadequate supply of raw materials and isolated location.

Demand of domestic competent professionals is very urgent in some brand new industries. Job openings are usually occupied by imported qualified talents from abroad. The minimum wage is set by law or by negotiations in the union. Structural unemployment can also accompany a situation of zero

minimum wages. The extent to which structural unemployment takes place depends on a number of parameters.

Higher the mobility of labor across different jobs, lower will be the structural unemployment. Along with the mobility of labor, structural unemployment also depends on the growth rate of an economy as well as the structure of an industry. Structural Unemployment OF CHINA -Seasonal unemployment- Classical unemployment-Structural unemployment-Cyclical unemployment Types of unemployment According to the statistics from World Bank, China's labor force accounts for 26% of the total labor population in the world, while the proportion of China's natural resource and capital resource are less than 10%.

Because of the complexity of China's economy structure, during the transition from a central-planning economy system towards a market-oriented one. The demand of various job seekers in both urban and rural areas of China significantly outstrips the supply of new employment opportunities. At the same time, many job openings cannot find enough qualified candidates to match them. Transcript of TYPES OF UNEMPLOYMENT IN CHINA 2002-2018 | Unemployment Rate in China remained unchanged at 3.95 percent in the third quarter of 2017 from 3.95 percent in the second quarter of 2017. Unemployment Rate in China averaged 4.11 percent from 2002 until 2017, reaching all the time high of 4.30 percent in the fourth quarter of 2003 and a record low of 3.90 percent in the third quarter of 2002. China Unemployment Rate China's labor market

has undergone significant changes in the past twenty years. A more market-oriented labor market has emerged with the growing importance of the urban private sector, as state-owned enterprises (SOEs) have downsized.

At the same time, rural employment growth has slowed, and migrants have sought jobs in the more dynamic coastal provinces. Despite the progress on reforms, a sizable surplus of labor still exists in the rural sector (about 150 million) and SOEs (about 10–11 million). China's population remains predominantly rural, despite a strong trend toward urbanization. Over 60 percent were reclassified as rural by the 2000 census, compared with 80 percent two decades ago.

While population growth slowed in the 1990s to average just under 1 percent per annum, the labor force grew somewhat faster (about 1½ percent per annum), owing to a rise in the working-age population. TRENDS IN CHINA'S LABOR MARKET LABOUR MARKET ANALYSIS Over the past three decades, the Chinese authorities have been pursuing a growth model, sometimes labelled "managed capitalism", which can be seen as the outcome of a system of policy incentives that started maturing in the late 1970s. Given the country's political and economic conditions at that point in time, the new Chinese leadership strived to shape the economy along a "producer-biased" led by investment and exports, where the direct support of the government to firms and a systematically undervalued exchange rate were integral parts of policy-making.

First of all, China was initially characterised by a total lack of the organisational structure necessary to deploy large quantities of physical capital effectively. For instance, the country was short of prepared management, reliable maintenance and marketing teams and an adequate supply of raw materials. In this context China, like many other countries in the early stages of development, has had an incentive to provide substantial government support to state-owned enterprises (SOEs) so that they could generate increasing profits around which they could over time build not only physical capital, but also the related organisational structure.

This has taken the form, for instance, of: (1) "commanded" loans from the banking industry to SOEs and local governments, with policy-makers instructing banks whom to lend to; (2) high reliance of SOEs on retained earnings; and (3) the setting of very low deposit rates in order to artificially reduce the cost of credit and ensure the profitability of the banking sector.

CHINA'S SYSTEM OF POLICY Since the end of the 1970s, China's policy-makers have had a system of incentives to maximise domestic economic growth by pursuing a well-identified model of economic development. This model has proved successful in delivering, for instance, increasing GDP per capita, a substantial fall in poverty and major gains in world trade shares.

LOOKING AT THE PAST: SUSTAINED GROWTH CUM IMBALANCES Real GDP: The comparison of economic output from one year to another.

It is an important comprehensive statistic pointer of accounting system, and also the core pointer of the new national economic accounting system. It reflects the economic strength and grim scale of a country (or region).

Growth rate: The growth rate of GDP is the increase in GDP from quarter to quarter.

It tells you how fast a country's economy is growing. Most countries use real GDP to eliminate the effects of inflation. GDP per capita: this is a good way to compare the country's gross domestic product.

This is because some countries have huge economic output because they have so many people. In order to obtain more information, the use of GDP per capita is illustrated. This divides the gross domestic product by the number of inhabitants.

It's a good look for a country's living standard. Measures performance of the economy. Since market began in 1978, China's economy has shown cyclical fluctuations. These cycles of change appear in obvious statistical patterns—faster growth and then slower growth, higher price inflation and then lower inflation, stronger investment flows and then weaker investment—and all are accompanied by other cyclical fluctuations in a range of variables and policy initiatives. Most of these fluctuations tend to move together.

In this regard, the cyclical interaction between China's formal urban economy and its rural economy is particularly relevant for the policy issues facing Chinese policy makers today. Introduction