

The effects of the economic growth in china essay examples

[Business](#), [Customers](#)



The effect of the economic growth in China on the producers and consumers in foreign nations is not the same. Although the increase of production capacities in China threatens some of the manufacturers in other countries, China also represents one of the biggest world markets, due to its large population, which offers opportunities for the companies abroad. Moreover, Chinese exports at the moment are mostly comprised of low cost lower quality consumer products. On the other hand, China is importing goods, which have a higher cost. Thus, producers of such goods as computers and cell phones in the foreign nations actually gain, by supplying their products to China. Consumers in the foreign nations are likely to win with this economic division, since they obtain goods at a lower cost. Therefore, Chinese economic growth is beneficial for the consumers as well as for the majority of producers in the foreign countries. The only disadvantaged party is the producers of low cost manufacturing products, which cannot compete with Chinese economic capabilities. However, the overall economic welfare is maximised by the Chinese economic growth, therefore the “loser” manufacturers have to adjust their production to reflect the reality of the new economic market.

The effect of the Chinese economic growth for the world economy in general is very positive. The increase of population and wages in China creates a vast market for foreign producers. On the other hand, Chinese manufacturers produce low cost items, which are highly beneficial for the consumers abroad. The only disadvantaged people are the producers of the low cost items in the other countries, who cannot compete with the productivity of the Chinese manufacturers. However, as the overall benefit of

the Chinese growth is apparent, the disadvantaged producers have to adjust to the current economic situation and regard new competition from China not as a threat for their existence, but as a signal to improve competitiveness and restructure their business.

There is a very thin line between the classifications of goods. According to the official definition an intermediate good is the good that is further used in production. However, it gets more complicated to classify it, when the intermediate good is exported in order to serve as an input for foreign industries. The definition of the regrettable necessity is also not clear, since the can food for the army, for example, is both a consumption product and a regrettable necessity.

There is no clear distinction between intermediate and final goods and services and regrettable necessities. The classification solely depends on the subsequent use of the product or service. Thus, if a hammer is purchased for personal use, it is considered a consumption product.

However, if it is used in a car repair, the hammer acts as an intermediate product, which helps to create a final service - car reparation.

Regrettable necessities are also questionable. Thus, fire brigade is not directly affecting manufacturing; however the absence of fire is directly correlated with the capability of producing final goods.

A spare tire is a consumption good, if purchased privately, however it is an intermediate, if used in producing a car and a regrettable necessity if it is procured for military purposes.

A surgery to repair a badly broken arm is usually a consumption service; however it can be considered an intermediate service if the person uses his/her arm for producing goods and services.

A Botox injection to remove forehead wrinkles and voice lessons are consumption goods. However, if the purchaser is a professional singer, his voice and appearance are the means to provide service, to perform and make public appearances, therefore the lessons and injections may be considered an intermediate good.

Expenditures on your college education are an intermediate good, since they are further used for working and producing other goods/services.

A spare tire can be a consumption good, an intermediate good, or even a regrettable necessity. If it is purchased for private use is it a consumption product, if it is used in car production, it is an intermediate, and if it has been purchased for a fire brigade car, it is a regrettable necessity. .

A surgery to repair a badly broken arm is a consumption service; however it is also an intermediate service if the arm is used afterwards for producing goods and services.

Voice lessons and a Botox injection to remove forehead wrinkles are consumption goods. If the consumer is a professional singer, performing and

making public appearances are used for producing further service; hence injections and singing lessons are intermediate service in this case.

Expenditures on your college education are intermediate, since they are implemented later in life for producing other goods and services.