

Factors in chinas  
economic  
development positive  
and negative  
economics essay



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The article, All Roads Lead to China, dated 5 December 2009 in StarBizWeek, concentrated on the rapid economic growth of China. China today has become the world's third largest economy and it has high possibility to replace the world's second, Japan, soon. The utilization of law in China has been more organized and stable.

This can be verified by the fact that China government's policies and actions are closely monitored. Moreover, as China has the highest population in the world the purchasing power is undoubtedly strong as there is a continuous demand for goods.

This, as a result, creates various job opportunities for the business world. In addition, China's increasing demand for commodities has changed the way of trading that they used to operate. Besides, in order to ensure unlimited supply of raw materials to China so that the demand of consumers can be met, China's companies have been buying over foreign assets.

On the other hand, due to high production cost, some businesses have been purchasing products from China instead of manufacturing themselves. This has transformed China into a central of manufacturing. However, it has been argued that China's producers have neglected the quality of products. Whatever it is, the rising of China's economy cannot be underestimated.

China is one of the world's largest countries in the world. That is to say, China has been covering a large scale of land which is enriched with natural resources such as land and minerals. Natural resources are 'gift of god' and it will provide an important foundation for economic growth.

Besides, the diversity of climate change has given the opportunity for China to plant different kinds of plantation. Furthermore, China has been fully utilized the natural resources by combining them with technology in order to increase the productive capacity of the nation. As a result, China's economy will be rising. Although there are plentiful of natural resources, the limitless demand for raw materials has

As of July 2009, China's population is 1, 338, 612, 968 and this has brought advantages to China's economy. An increase in population will trigger a sharp rising in consumers' demand. Business expectation of increased demand induces higher levels of private investment in order to increase production so that the demands of consumers can be fulfilled.

Thus, this will create job opportunities for the people. In other words, this has been boosting the job market and closing the gaps between the poor and the rich. China's large population may also contribute to source of workforce. The large labour force is able to maintain the dynamism of China's economy as foreign producers will move into China to seek for cheap labour.

The political stability of a nation is a vital factor in determining economic growth. China has adopted one-party-ruling political system where it is ruled by Communist Party of China. The government is powerful and therefore there is a majority of Chinese have not raise an objection to this system. Thus, China is politically stable in recent years. Other than that, China has not been encountering any civil disturbance.

China with stable politics will have a better law enforcement where the utilization of law is more consistent. As the stability of politics is maintained, <https://assignbuster.com/factors-in-chinas-economic-development-positive-and-negative-economics-essay/>

many foreign investors will be attracted to China as they will gain more confidence.

As a result, they will be investing in China's businesses and relocating their factories to China. Investment is an important prerequisite for economic growth. Therefore, the more the investment, the greater the economy growth.

And it is widely acknowledged that China has the most overwhelming customer base in the world.

Availability of natural resources, population and political stability have act as impulse to the economic development. However, there are some drawbacks. One of the serious negative impact of China's economic growth is environmental problems. Many analysts estimate that China will be the world's largest emitter of carbon dioxide in 2009.

In addition, almost all of the nation's rivers are severely polluted and half of the population is consuming contaminated water. Such severe environmental pollutions have exerted a strong influence on humans' health condition.

One of the negative consequences is production of low quality products. Foreign producers started to flock into China because of lower salaries, cheaper land cost and better tax breaks. Furthermore, the encouraging customer base and huge labour force can also attract foreign companies to venture into China.

Besides, businesses chose to outsource their manufacturing has transformed China into a manufacturing centre. However, there are concerns about inferior and low quality products. Some producers have been replacing some materials by using low quality ingredients in order to cut down the cost.

Furthermore, producers have also produced fake products so that they can earn more profit. This has actually encroached on consumers' rights and consumer should be more aware with such cases.

Another example of serious threats to the nation is corruption. China is considered political stable, however, corruption is unavoidable when a country is developing. Pei. M (2007) stated that ' a corrupt official going to jail are less than three percent, making corruption a high return, low-risk activity.'

The promise of huge return has seduced most of the government officer into corruption. Corruption may also lead to degradation of social services and increasing cost of education and healthcare which will become a burden to the people.

Careful considerations should be given to the negative impact of rapid economic growth of China's economy. Government should strengthen its environmental legislation and implement plans in order to reduce severe environmental problems.

Although studies show that ' corruption has not yet derailed China's economic rise, sparked a social revolution, or deterred western investors', government should have taken strict enforcement of regulations before it

could happens. However, projects show that China may be the world's largest economy by 2020.

Therefore, the growing of China's economic development cannot be underrated.