

# China globalization assignment

Sociology



Analyses the impact of globalization on an economy other than Australia, including an evaluation of the strategies used to promote economic growth and development in this economy. Economics Essay: Globalization is the process of international integration through the exchange of views, products and aspects of culture between nations. It has accelerated rapidly over the past 50 years due to advancements in technology and communication, changes in policies of international governments and increased mobility of labor.

The result has been the establishment of a global economy where goods, services, skilled labor and foreign capital are moving faster internationally than ever before. The impacts globalization can have on an economy have been seen in China over the past 40 years. Globalization occurs when domestic economies move from a protectionist economic framework, to an economy that greater embraces the concept of free trade.

Protectionism is designed to benefit and promote local manufactures of goods, often through applying tariffs and quotas on imported goods and giving subsidies to mimesis producers, thus making it hard for international companies to break into the market. By deteriorating imports and promoting exports, a country can utilize the comparative advantage of another country, and focus on specializing in the production of certain goods. The establishment of the World Trade Organization (WTFO) has been a prominent force in breaking down many trade restrictions and freeing up world trade.

Economic development differs from economic growth as it measures the humanitarian quality of life rather than Just financial growth. Whereas

economic growth is measured in GDP and import/export values, economic development is commonly measured in the Human Development Index (HDI); a United Nations rating that gives a country a score between 0 and 1 based upon factors including life expectancy, education and adult literacy, and purchasing power parity (PPP).

It is also often measured by The World Bank Development Indicator that works in conjunction with the HDI and measures aspects including pollution, taxation and the distribution of wealth/poverty. China has epitomized the concept of globalization over the past 40 years and has seen a rapid shift from a mainly agricultural based economy, to an industrialized manufacturing and export-based economy. In order to embrace globalization and capitalism, China introduced an economic reform program starting in the late 1970's. The program included policies designed to liberalize trade between nations and attract foreign capital and investment.

The Chinese Communist Party launched the investment and take advantage of China's thriving labor force and cheap manufacturing costs. This policy led to the establishment of four Special Economic Zones (SEZs). These geographical areas of land were designed to attract foreign and offshore investors to set up manufacturing facilities by offering tax incentives and less regulated economic policies. By having these zones, a socialist political party such as the one in China can maintain strict control of its own labor force and their economic rights, while providing the avenue for economic growth and investment.

The zones were a booming success, and by 1985, the total industrial output value of the four zones was 6.14 billion Yuan, and increase of over 45% to the previous year. Another 14 Sees were introduced in 1986 and many other zones specializing in particular manufacturing sectors have since been established. This manufacturing boom has resulted in phenomenal growth rates, with GDP growth averaging 9.8% since 1989, and is currently sitting at 7.8%. They now export more than any other country in the world, with an export value of 2.1 trillion US\$ in 2012.

One of the key globalization growth indicators is Foreign Direct Investment growth; the amount of money injected into an economy by Transnational Corporations and offshore investors. In 1990, China's FDI was just US\$19 billion. By 2012 it had grown to US\$253 billion, an 18% share of total global FDI. China's embrace of globalization has had both positive and negative impacts on economic development. Many argue that it is wrong of the west to exploit China's comparative advantage of cheap labor, however in the past 25 years, an extra 400 million Chinese now live above the poverty line.

Industrialization of the economy has provided millions of jobs, thus resulting in a climb in GDP per capita. Since 2004, GDP has grown from around US\$1500 to \$5680 in 2012. Although globalization has had a positive impact on economic development in these ways, its negative impacts are more prominent. Industrialization and expansion of manufacturing has led to a significant growth in income inequality between the growing middle and upper classes, and the 71.6% of China's population who still lives on less than US\$5 a day. Another rising problem that China is now facing as a result of industrialization is air pollution.

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A study by the Chinese Government found that unless pollution levels are controlled, by 2020 it would cause 600,000 premature deaths and 20 million cases of respiratory illness in urban areas. In response to this, the government set a goal to reduce industrialized related pollution by 30% by 2017. The combination of these factors results in China having an appalling HDI rank of 1st. In order to maintain high levels of economic growth, China needs to find a sustainable balance between economic growth and economic development.

The Chinese Government needs to actively use its political power and economic strength to control, stabilize and reduce the environmental impacts associated with globalization and economic growth. The challenge for China is to also ensure that the benefits of economic growth are distributed through the lower. Can have on economic growth. Through this process we have seen the establishment and development of a global economy that has allowed domestic economies around the world to flourish. No doubt the process of globalization will continue exponentially as we continue to innovate and redesign the way economies function within a global market.