

# Weaknesses of china's macro-environment

[Literature](#), [Russian Literature](#)



The paper "Weaknesses of China's Macro-Environment" is a perfect example of an essay on macro and microeconomics. China's problems are emblematic of those faced by developing countries but with a particular feature of its size, its social and political model and the pace at which it has achieved takeoff (Chen, 2011: 35). China will have to confront several important issues to rebalance its structure, grow its economy, to ensure a minimal growth rate in order to guarantee social stability as it moves into its second stage of economic transition. Discussion

China is still ailing from an economic framework that is too reliant on exports. This economic policy has obviously resulted in rapid growth in production volumes but because it is based on an oversupply of inputs (labor and capital) this has been accompanied by some wastage – high pollution costs, the inefficiencies of a framework based on an ability to deliver at high speed but sometimes to the compromise of natural resources, relatively low yields, security or maintenance ((Chen, 2011: 37). Social and geographical inequality is still prevalent in China. There is a huge gap between China's developed and underdeveloped areas despite the progress witnessed in the last few years with respect to GDP growth and development policies initiated by the government in support of the country's central and western regions. In 2009, for example, half of the GDP was realized in coastal regions. With a strong increase in urbanization – the percentage of the urban population increased from 36 percent in 2000 to fifty percent in 2011 and could increase to 65 percent by 2030 – managing its economic growth is still challenging (Chen, 2011: 39). The population of migrant employees from China's countryside is over 150 million, and their living conditions are still

dire, especially as far as social security is involved. In the face of increasing living costs, many Chinese cities are short of labor.

China's energy and resource risks are still huge. The country's declining natural resources are putting under significant pressure to produce for its rapidly growing population and industrial needs. The country's coal reserves could be depleted in 35 years if mining continues at the current pace (Chen, 2011: 45). Worryingly, coal still supplies more than 65 percent of the country's energy needs. The situation is the same as far as oil and natural gas are concerned; this is resulting in more reliance on imports.

China is already the biggest consumer of energy in the world, and its seemingly insatiable appetite will keep growing with urbanization and the expansion of its middle classes. The challenge of technological development and the rebalancing of economic systems demand the strengthening of education and creativity to develop new drivers of growth (Chen, 2011: 46). While in 2030 the country is set to have almost 200 million university students – almost as many as the European Union's entire working population in 2009 – the quality of higher education is still low considering the shortage of skills that many Chinese businesses are facing.

### Conclusion

China has embarked on the second stage of economic transition. The core issue at stake – which is a very critical one – is the pursuance of stable development within a modern economic model, which the rise in living standards and the growth of a continent-sized spending society demands (Chen, 2011: 53). The country's ability to solve its systemic challenges and to increase the re-adjustment of its economy will be a determinant of its

future in terms of development and stability, as well as Europe's (it's key partner) interests.