

The economy of china (globalization effect) assignment

[Sociology](#)



Research Essay – Lewis Carroll The effects of globalisation on Economic growth and the quality of life in China. China holds the second largest economy in the world, measured by Purchasing Power Parity (a technique used to determine and compare the relative value of different currencies). From the late 1970's, the Chinese economy has become more market orientated, rather than its former closed and planned political system. This change has played a major role in the development of their economy and impact of globalisation. At present, it is the world's fastest growing major economy.

Growth rates in the Chinese economy have averaged 10% throughout the past 30 years. By utilising China's perfect environment for manufacturing with low minimum income levels compared to other countries, and little to no policies surrounding work place health and safety, in 2010 China became the world's largest exporter. In 2010, 19.8% of the world's manufacturing output was produced by China, and Industry and Manufacturing account for 46.8% of China's GDP. Apart from the thriving Manufacturing industry, China also produces 45% of the world's steel and is the world's third largest Automotive Manufacturer.

Over recent years, China's Urban wages have received a 13-19% increase to an average of \$2472USDp. a. The Chinese Economy has gained both benefit and been disadvantaged by globalisation trends. One advantage is China has received extensive amounts of high GDP over recent years, although it sometimes due to the over exploitation of their unbelievably cheap labour compared to other countries. China has become almost an essential to the

global supply chain because of its cheap labour leading to the massive growth we have seen over recent years.

Other Positive effects of globalisation include the mprovement of living standards due to higher employment and therefore larger income and contribution to the economy. The amount of employment in china has increased due to the rise in growth and creation of TNC's and movement of production due to globalisation. This means that in order to meet demands, they need to create more Jobs which is suited best in China because of low minimum income levels Negative effects of Globalisation on China include environmental changes and urbanisation.

The Chinese Environment has been damaged due to rapid pollution and industrialisation consequences. The growth of industries pecializing in manufacturing has caused the pollution of the air, ground and permanent damage on the surroundings of these factories due to production processes such as burning or pollution from capital goods. The growth of urbanisation was a result after the rapid increase in Jobs around cities, but this can also lead to the lowering of standards of living and the amount of Jobs and resources available elsewhere. The urban cities are unable to provide necessities and services the population need.

By the end of 2012 52. 6% of the Chinese population had become urbanised, an increase from the former 26% in 1990 . Although currently, the ities cannot provide for the amount of people urbanising, the government has aimed to create services, increase availability of necessities and support a range of mass transit around and inside the city as a part of their 5-year-plan

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for 2011-2015. lowest income earners and reduce homelessness. Another problem with this sudden spark in urbanisation is the lowering of workplace safety regulations yet to be created.

The people are working in factories with very poor standards which reduce hygiene and can also cause mental issues such as suicides. The Chinese Economy has implemented particular strategies in order to promote and stabilize the conomic growth and development they have received. These policies and strategies are a result of increasing demand because of globalisation in China. The introduction of the “ Open door policy’ (essential opening china into a mass of once protected foreign direct investment) created a huge utilisation of Chinese labour.

Chinese capital and labour resources have become efficiently allocated, which then has greatly boosted economic growth and productivity. The Chinese economy then strategically utilised their obvious comparative advantage in export orientated and labour intensive industries. The Chinese Economy’s rapid growth is due to creation of particular strategies such us export Incentives and decentralisation of government. Export Incentives are monetary, tax or legal motivations designed to encourage businesses to export certain types of goods or services.

This large labour force, huge investments in efficient technology and the introduction of subsidies and incentives have created the perfect environment for mass growth of this emerging economy. Chinese exporting alone has generated up to a staggering 36 per cent of China’s GDP (2006). Since the “ Decentralization” of Government (the process of redistributing,

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owers, people or things away from the government) the Chinese GDP per capita has risen from its previous \$674 in 1978 to \$5, 085 in 2004 (ppp adjusted).

That is over 7 and a half times greater than the previous recording. This change in government, liberalization of prices, reduction in agriculture resources, and integration into world markets, had proved to be a major cause of the Chinese economic boom over the past 30 years beginning with the open door policy. The use of " Special Economic Zones" in china created an ability to alter the policies and investments in areas suited. For example, lower taxes and lower tariffs and other protection policies were introduced in order to encourage the exportation of technology.

Their immediate success fuelled the way for more specific zones in order to utilise the economic boom they were currently experiencing. The implementations of a practise known as the " household responsibility system" was a specific quota for agricultural demand created by the government in order to remain self-sufficient in agricultural goods, but continue to redistribute their resources to other more profitable and efficient areas. The farmers and producers were given compensation for completing these merit goods that compared to other industrialised productions, were not very profitable.

These strategies allowed the Chinese people and economy to thrive during economic boom but also increase their standard of living. The Chinese Government has introduced a way to change economic strategies and policies in order to relate to the current economic activities. This plan is

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called the 5-year-plan, a set of policies that have to remain active for the remaining 5 years until they are reassessed for the new economic activities. This 5 year plan applies for all regions of china, and is used in order to map strategies for economic development, setting growth targets, and launching reforms.

The 12th 5 year plan (2011-2015) outlines their planned building of new low-income apartments to reduce poverty and increase the standard of living for the Chinese Population. The policies can also aim to stabilize their current growth, make incomes more equal and improve social infrastructure. The Chinese government believe that the increase of employment and reduction in unemployed population is the top priority to create stability in their rapidly growing conomy.

By the end of 2005, the registered unemployment population in urban areas reached 8.39 million, and the registered unemployment rate in the urban areas was 4.2 per cent. In order to counteract the growing unemployment, The Chinese Government applied structural " Proactive employment Policies" in order to create incentive and encourage unemployed members of the Chinese population to look, create, or innovate their own employment These practises were used to promote the economic growth but also increase the poor standard of living in China.

These included: 1. Encouraging the unemployed to start up their own businesses. Reducing taxes and charges, plus small loans with discounted interests created a perfect environment and incentive for the Chinese unemployed to stimulate the economy and its growth. 2. Exempting and

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reducing taxes on enterprises willing to employ disadvantaged unemployed people. 3. Offering particular insurance subsidies for flexible employment terms.

Evaluation of Economic Growth and development Strategies: Strategies used by the Chinese Government are all aimed to create, stabilise and promote growth of the Economy and the quality of life of the Chinese people. The Open Door policy has unlocked the swift growth of the Chinese Economy by allowing the flooding of Foreign Direct Investment. With an increase of China's GDP per capita from \$153 to \$1284 , this single indicator outlines the success of opening China to Foreign Direct Investment.

The open door policy has also created an opening for greater employment, income and therefore better living standards for the Chinese population. This is because the open door policy allows more TNC's and large enterprises to base their factories and outlets around the Chinese population. Export and business incentives have also fuelled a large amount of success though the encouragement of reaching the technical optimum in economies of scale, and employing more people, once again, creating more Jobs and increasing living standards of the Chinese population.

The Decentralization from government is a strategy that started the growth they have received and the increase of economic development in China. Through this decentralization, the redistribution of income and resources has unlocked the flood for foreign direct investment, creation of employment and increased the living standards of the population. The 5 year plan as fulfilled

its potential by maintaining the economic stability of china, whilst still creating growth.

Through the increase of GDP, employment rates, and living standards of the Chinese population, it is obvious that the changing of political policies and goals have succeeded in guiding the Chinese economies growth. This planning allowed the government to change into a market orientated system whilst still keeping the benefits of planning goals, rates and living standards to predict the future of the Chinese economy. The strategies under the “ Proactive employment unemployment and increasing the living standards of the Chinese population.

Not only has the policies reduced the people unemployed, but they also can be used to raise the minimum income. Overall, the effects of globalisation on economic growth and the quality of life in china have been mostly benefiting. Through the introduction of new employment, high income and standards of living, and the decentralization of the Chinese government, China continues to gain expedient growth over any other country in the world. The industrialisation of China has proven to be a crucial time for reassessing political strategies and adding policies to benefit the Chinese population.