

# The economic growth of china and decline of the west

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## The Economic Growth of China and Decline of the West

The China's economic growth will not lead to the decline of the West

because it is not institutionally strong and flexible as the west. The Chinese economy is characterised by intense air pollution. The World Bank indicates that 16 of 20 cities with the worst air pollution globally are in China (Joint Program on the Science and Policy of Global Change, 2012). Air pollution costs the Chinese economy significant amounts of resources that are lost to labour and increased health care costs, thus resulting in a lower GDP (Weston, 2004). The level of reduction of air pollution may be very insignificant in the coming years since the Chinese economy depends on the heavy industry, metal smelters, and coal-fired power plants, which release carbon and other pollutants into the air. The West, however, has strict acts and policies that prevent pollution such as the National Air Quality strategy of the UK. Intense pollution is, therefore, minimized in the West and thus this is unlikely not change in the coming years unless the laws are changed or abolished; hence this will definitely always give the west an upper hand when compared to China due to increased and greater GDP (Weston, 2004). It is also quite possible that China may never overtake the west because its population growth is set to fall in coming years, and this will reduce economic growth greatly. For instance, Due to China's policies to control their large population such as the "one child per family policy" (Qian, 2009), sterilisation of people who have two children (Scharping, 2005), China will have a large population aged over 65 years old. Its working population will, therefore, reduce resulting in slower economy growth due to reduced labour, hence lower GDP. The countries in the west have a steady and almost

constant increase in population. There is, therefore, an assurance that the human capital will always be available to work in the industries and sectors to increase production (Weston, 2004). Thus, this gives the west a competitive edge of China now and in the future.

China's political instability to some degree holds its economy growth.

Politically powerful state-owned enterprises and state-controlled banks resist internationalisation of their currency, the Yuan. Being government agencies, they usually have control over the policies that are made. Private business groups that support financial liberalisation, usually have zero to weak influence on the Chinese policy making (Weston, 2004). The West, however, has structural power in global finance. Their currencies, the dollar, Euro and Sterling Pound are international currencies, and this gives them more economic influence globally while China's diverging monetary policies takes the economy aback.

China lacks consumer brands that people can identify with internationally. This is because they hardly have any international experience. Only a few of its products can be traced globally. Therefore, China fails to benefit from the international industries and markets in all dimensions. Thus, failure to change its trade policies will be detrimental to its economy resulting in stagnation of its GDP and eventually causing an irreparable decline. The West, however, has established global market trends and has, therefore, succeeded tremendously in the international market. They are the leading giants in international trade, and thus this profits them with higher GDPs, which spurs economic growth (Weston, 2004).

## References

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