

# China – world economic power or one time wonder?

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China - is a world's future economic power or just one-time wonder? The world has seen the stunning transformation from the closed, self-reliant economy to the free market system open to international trade and investments. China's economy is one of the most significant current discussions in economy-related issues. The COED released a new report forecasting the global economy in the future. According to it, the United States (US) is expected to cede its place as the world's largest economy to China, as early as 2016. This essay gives an example of a reason why admiration of Chinese economic growth is exaggerated. China is the second largest economy at the list of countries sorted by their gross domestic product. This is not surprising, taking into account its population and size of the country, what is surprising is the fact that this economy has been growing rapidly during last three decades even when other large economies are experiencing economic stagnation or recession.

Statistics conducted by COED shows this point clearly - the economic growth (measured as annual increases of the gross domestic product - GDP) of China was 9, 2 % in 2009 while this number for the US was -2, 7%. I assume that many studies are only focused on growth of GDP and compare China with the US, Japan or European Union countries economy. As a result Chinese transformation is said to be an economic miracle. However; I think these economies are not comparable. These analyses tend to overlook the theory called "catch-up effect".

It means that "countries that start off poor tend to grow more rapidly than countries that start off rich." This effect may be one of the possible explanations of China's success. The main reason why I do not believe in

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China's future economic power is their political situation which I consider as the crucial weakness of their economy. Despite their successful transformation process of the economy, there has not been any change in politics. The Communist Party is ruling the market. Thus it is not market economy but still command economy, the government plays the main role.

It still imposes a lot of regulations, most of the enterprises are state-owned, it allocates resources and corruption is a genuine problem. " The Party is shallow, corrupt and has no public support. " 4 Returning to the main question whether it will be the future economic power I would answer " no". In my opinion operating the economy without broad public support, modern legal framework and sufficient transparency cannot work for long time. Furthermore China is still facing the problem with human rights compliance.

To conclude this China may become the best economy in numbers for a while but it is not based on appropriate and long-term sustainable principles