

Good essay on economic activity in china

[Countries](#), [China](#)



China is one of the strongest economic powers in the world. Its political leadership focuses on the fundamental alteration of the country's growth strategies; this occurs through a rebalancing of economic growth sources (Lardy, 2007). Through strategies such as the expansion of domestic consumption, it notes significant economic growth. For instance, the country has managed to sustain its growing population economically. It occurs through rapid job creation, income distribution improvement, lowered rates of income inequality and a reduction of the outsized energy consumption. Aspects of China's economy that depict its growth and challenges include; national output, employment rates, inflation, and consumer price development among others (Green, 2005).

China is the fastest growing world economy in the last 30 years; it records about 10% annual increase. For instance, in 2005, China's Gross Domestic Product was twelve times the GDP in 1978 (Morrison, 2014). It is now a major global trade and economic power; the largest trading economy, second-largest economy, and destination for foreign direct investments. It also remains the largest manufacturer and holder of foreign exchange reserves. The rise of China's economic strength occurred after the 2008 global economic crisis. During the period, China's FDI inflows and exports declined; this resulted in the loss of millions of jobs. In an effort to recover, the government implemented a \$586 billion stimulus package. It loosened monetary policies, increased bank lending, and created incentives for domestic consumption of Chinese products (MPAG, 2013).

China's labor and unemployment rate is evident in the country's labor market. It results from; stricter regulations, restructuring of the urban

employment system and increased rural to urban migration (Fang, Young & Meiyan, 2014). In 2007, there were up to 136 million rural to urban migrant workers. The high unemployment rate, resulting from migration, forces workers to join the informal sector. They work with low pay and limited social protection. The government focuses on social policies aimed at reducing inequality and poverty in urban areas. Unemployment is evidently a permanent feature in China's market economy. There should be timely assessment of the issue; this helps in the creation of relevant social assistance programs and macroeconomic policies (Giles, Park & Zhang, 2004).

The inflation of 2008 affected many Asian countries; including China (Funke, Mehrotra, & Yu, 2011). The rate of inflation in China has its basis on the Consumer Price Index; by July 2011, the CPI had risen from -1.8%, in July 2009, to 6.5%. Though it lacks a formal inflation-targeting framework, the government includes an annual objective for CPI growth in its targets for economic and social development; this aims at maintaining the stability of the currency's strength.

China's successful economy results from the government's efforts and a focus on domestic consumption of Chinese products and services. Forecasts by economists show that it may overtake USA as the largest economy worldwide. It is crucial to note that the country's ability to ensure rapid economic growth depends on its government's ability to implement comprehensive economic reforms; it will ensure an increase in China's GDP (Xu, 2003). It continues creating several initiatives addressing economic challenges (Haltmaire, 2013).

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