



CHINA'S ECONOMIC GROWTH: EFFECTS AND CONSEQUENCES ON THE WORLD

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Abstract

Chinese overall trade has seen rapid growth alongside its massive financial progress, prompting the country to focus on the world as its market. This inquiry looks at the role of general commerce in China's financial progress. It begins with an overview of the origins of China's broad trade framework and the structure that China has adopted for trading areas. Similarly, China's global trade execution is thoroughly scrutinized. China has been declared the world's fastest-growing economy. China has become the largest economic manufacturer, and trading partner of the United States as well. China's economic development has made a great contribution to the global economy. China's economic growth helps



the world to stabilize its economy. China is considered a hugely attractive market in the world economy. China has a great contribution to the export of products in the world. The research is a qualitative analysis of the previously published material related to the relevant theme. It finds that Chinese economic growth has both positive and negative consequences on the world economy, society and environment.

Keywords: China, Economic Growth, Economic Power, World Economy

Introduction

In the recent geopolitical dynamics, the significant economic power of China has been described as the greatest economic success in modern times. The economy of China has grown rapidly and if it continues it might cross the United States in the next few decades. If America accepts the multi-polar world where both the countries are in power then it's fine, if not then it will be a threat to the powers of the United States. The US businesses made fabulous profits from the investments in the region of China which is a sign of good relations between them. The relations between them are very important for the future of the international system, but many scholars believe that unsatisfied China can become dangerous in the future. The military and economic rise of China are great threats to the United States and these can affect the world (H. Hamidi, 2021).

The poverty in China has also reduced within a few decades with this economic growth. China's economy played a vital role in reducing poverty in the country. It has shown more impressive results for playing its role in poverty reduction than any other country. Broad trends also suggest that it is because of the macro-economic forces which have been the key instruments for poverty reduction in China. It says the economic growth has a connection with poverty reduction and it affects it a lot, with the growth of GDP, the poverty in China has also been reduced since the reforms of 1970 (J. Huang, 2008).

China is also playing its role to bring the rural population to the urban areas of China. It was a plan which started three decades before and the logic behind this plan was that urbanization will lead the country to increased economic growth. The plan was that the population of urban areas should reach up to 60% of the total population, and it will continue for two more decades. Researchers have shown that urbanization is the hallmark



of economic development and China wants to bring its population to the urban areas so that the development must continue (Y. Yang, 2017).

With the rise of the Chinese economy, the United States has to face some challenges because China has become powerful in economic growth. These challenges are; that China has a stake in maintaining the international trading that helps them to rise. China has the surest way to grow internationally by increasing trade. Lowering costs will help to increase competition in china. China seems like a threat to the US economy. (Morrison, 2019) The policy maker of the United States thought that china use BRI only to enhance their firms. China's economic growth began around 1978 and is one of the main occasions in late history. Numerous parts of this improvement have been broadly examined in distributed writings. Notwithstanding, the ramifications of China's development for different nations have been generally ignored. The current paper endeavors to fill this hole in the literature.

It estimates the effect of China's development on development in the remainder of the world in both the present moment and the long haul. Short- run gauges are given vector autoregression and mistake adjustment models recommend that overflow impacts of China's development have expanded in ongoing many years. Long- term overflow impacts, assessed through development relapses given board information, are additionally critical and have stretched out in ongoing a long time past Asia. The assessments are strong with the impacts of worldwide and territorial shocks, changes in model particular, and test period. (Arora-2011)

The product is low in cost but good quality benefited consumers worldwide.it is the world's favorite investment place. It helps the companies who are trying to find new ways to overcome recession cases. China is working with every country and trying to make a strong bond globally. China is still a developing country and its economic growth has such a positive effect on the world.

Following the reception of its approach of "market change" and opening to the world market in 1978, China experienced quick financial development. We have witnessed that China's fast development was at first given to its homegrown market, explicitly rising utilization by families and the government. Nothing less, beginning around 2001 commodities play had a significant impact on China's development, alongside fixed



speculation. We will raise inquiries regarding the supportability of China's new development direction, one which is by and large remarkable for an enormous, quickly non-industrial nation. (Zhu, A., & Kotz, 2011).

Chinese economic growth and environmental damages

China's economy is big, and it is growing fast. It is the largest producer of television sets, cement, steel, and so on. Moreover, China also consumes fertilizer in a large quantity. As consuming and producing such agricultural and industrial products, it is moving towards air and water pollution which can be huge damage to the environment and climate of China. Furthermore, eggs and meat consumption in China increased a lot which is tending to increase terrestrial and aquatic pollution. The pollution can create a problem for the climate and environment of China and it can affect human life (J. Liu, 2005).

Furthermore, the Coastal ecosystem is also the most significant for a country, and the land of China is also linked to the sea. Coastal lands benefit human societies for trading and food production. Despite their core values, the coastal ecosystem is being misused by human activities, the industrialized overfishing led to the decline of fishes like sharks and rays all over the world. The exploitation and consumption of sea resources can have great effects on the economies of many countries including China. Such impacts have been rarely examined by developing countries but these can have impacts on their economies in the future (Q. He, 2014).

So energy consumption is also an important source of production, but it also generates toxic wastes and dangerous gases which are affecting the atmosphere. And the use of such energy consumption in many industries can be harmful to environmental health and cleanliness. In the study, it has been also a topic of interest how the energy consumption can create problems for the growing economy of china in the future. It has been also taken seriously by the government of China that how the effects of greenhouse gases should be controlled and it must not affect the economy of China (S.K, Sek, 2017).

Furthermore, tourism has become a major factor in the growth of economies of developed and developing countries. In 2014 the worldwide arrival of international tourists reached 1.33 billion, and the revenue which was collected from their visit was 1.5 trillion dollars. With all these pros of tourism, it also brought negative effects on the environment and the



CO₂ emissions because the tourism activities need energy consumption which is produced by coal, natural gas, and oil, these all are the reason for climate change. The more energy will be consumed the more CO₂ will be produced and it can be dangerous for the environment and the future of developed and developing countries (S.R. Paramati, 2017).

Problems in economic growth

Water scarcity has also become a huge problem for China, the shortage of water occurred in northern and eastern China. And the exploitation of water resources led China to serious environmental problems. The polluted water in China is also a big threat to China's food security, the quality of life of the people, and the economy of the country. The government started working on this in the 1990s, but still, the problem is unsolved. This problem was also highlighted in by the world because the China water shortage can have an impact on the entire world. After all, its ability to feed a large and growing population will be restricted (Y. Jiang, 2009).

Some observers deny the fact that China has made any progress in the reduction of poverty by launching new reforms in the 1970s. It has also been the question that the programs which were announced to be implemented have been the success in attaining their goals? Because these questions will also help China to reduce the remaining poverty in its country. There has been a slowdown in the poverty line in China between the 1980s and 1990. The new reforms brought positive growth in agriculture and employment in the farm sectors rose rapidly. Since it must be focused that how China can reduce the remaining poverty in the country? (L. Zhang, 2003).

Consequences of Chinese Economic Growth

Galli, (2011) examined the global environmental consequences of economic growth through ecological print. He analyzes that the world is in transition mode if we look at environmental changes which affect all countries especially low-income holders over the last 45 years. In this article, the author told about the countries which have a large population as compared to others and the environmental consequences of the economic pattern. Due to China's growth, its footprint is rising than the world biocapacity. Due to the increase in Chinese consumption of meat they are no more considered an agricultural society. China showed an increase in its population about 95% more than middle-income



countries this confirms that China is playing role in forthcoming economic and environmental change for the world. Now China is demanding more from the planet than other nations. China is upgrading so speedily that affects the nature of economic changes in the 21st century.

China and its consequences on the world by spreading coronavirus disturbed all nations. COVID 19 had major consequences on the world. The Chinese government had to deal with so many circumstances they shut down production centers and stop supplying manufacturing goods to the world including pharmaceuticals to automobiles. As their production center closed during this period the global prices affected raw materials. Other affected countries also banned public gatherings and community activities. (Gupta, 2020) Many countries stop flights coming from other borders. Airlines companies faced huge losses as well as oil demand was also reduced at that time. Due to this virus, every country has to face economic losses.

The trade war between USA-China has some consequences for Russia. Usually, Russia maintains the inoffensive position in the trade war by aiming to maintain independent relations with both countries. China is a large economic country with a high rate of consumption. The effect of COVID slows china's demand for mineral fuel and will affect Russia's economy as well. Russia is the largest crude oil supplier to China in 2018. Now there is a threat to Russia because China is committed to the USA importing their energy for over 2 years of period. The increase in natural gas and oil transaction from the USA is more likely to affect Russia and China's project contracts. (Mihajlovna, 2020)

Yu, J., (2018) the sustainability of agricultural development in China and its consequences are being studied in this article. It shows that China is providing 22% of food to the world but some consequence shows it not only affects food security but also some socio-economic aspects as well. The author discusses the rush of agricultural production in China. Agriculture production is recognized as harmful effect on the environment. The consequences can be seen in 2 ways indirect impact or direct impacts on soil, water, and air. The government of China is trying to address the solution to this problem. The agricultural sector requires sacrifice in production for the sake of the environment. Conflict also occurs in public policies because they may contradict each other.



The politics of China and Pakistan Economic Corridor tell us how this project CPEC linked with Pakistani economic realities. It also shades the engagement of China towards the political structure of Pakistan. Different studies show the effect of CPEC on nation-building. There are many negative and positive consequences listed, like an attack on the CPEC project. (Ahmed, 2019) The CPEC aims to increase connectivity for the economic development of China and Pakistan. This project also affects the neighboring countries by connecting them with Pakistan. Due to this project, Pakistan faces issues like they import oil to produce electricity which can put Pakistan at risk if the prices of oil increase in the international market.

Due to its vast production and developed economy, China is seen as an economic superpower globally, which seems like they have a positive impact on other countries. People believe that us is more powerful in the economy than China. It is said that China is known as a world-leading economic power. It helps them to maintain good relations with the world. Economic satisfaction and closeness to international relations are good for China. China has a positive influence globally because they are most welcome in emerging markets. But some countries disagree with this and believe that the United States is only reliable for being called a superpower. (Silver, 2019)

The world gets benefits from the Chinese economy, consumers get the product at low prices, and China is expanding its market globally. The relationship between the world and China is changing. China becomes the largest economic power in purchasing. China has the large financial system in the world. Chinese heavily invest in the research development sector. About 45% of renewable energy investment is done by China. It also invested in a global cultural presence. China is a global-level trader in the world's market; it also imports and exports the products on large scale globally. China is the home to internet users globally more than 800 million people connect with them. (Woetzel, 2019) China is engaging in making huge innovations to become a world large global force in the digital economy world.

Impacts on the World

Thirty years of quick monetary improvement in China have not just helped a great many Chinese by working on their expectations for everyday comforts except having



additionally emphatically expanded the number of individuals who are essential for the nation's maturing populace. Nonetheless, monetary development has not been joined by adequate consideration given to significant general medical problems, remembering an increment for the frequency of persistent illnesses and a decrease in actual work that accompanies a maturing populace. (Li, F. 2016)

China's quick monetary development since the 1960s was the consequence of a slow change in its financial framework, open entryway strategy, and its promotion to the world exchange association. The institutional changes and admittance to unfamiliar business sectors have been trailed by speculation methodologies that extended 45% of Chinese GDP during the most recent 40 years. The steady upward monetary development has no point of reference in the financial history of the world. China has expanded its portion in world exchange from 0.5% in 1960 to 10% in 2010 and collected unfamiliar trade stores of US \$3.19 trillion by March 2013. It isn't a wonder. (Yao, S. 2000)

China outperformed Japan to turn into the second-biggest economy on the planet. China is additionally the biggest supporter of world monetary development starting around 2007. It is projected by a few that in a couple of many years China will overwhelm America and become the world's biggest economy, assuming its generally quick development is kept up with. Nonetheless, there are additionally not dismissive worries that China might not be able to support its ongoing method of financial development significantly longer, as well as contentions that China shouldn't look to support such development given the secondary effects. (Fukumoto, T., & Muto, I. 2012) Because of the Chinese economy's effect on the worldwide economy, the issue of how China can support its development is of incredible interest, for China and its residents as well as for the world.

As China has turned into the second-biggest economy in the world, a thorough and efficient examination in the assessment of out-of-test figures of China's large-scale economy is direly required. For the Federal Reserve System and various national banks in other created nations, macroeconomic estimating is a vital piece of the policymaking system. In this unique situation, ideal approach projections given month-to-month macroeconomic time series are an exploration region that should be created. (Higgins, P., Zha, 2016).



Throughout recent many years, China has been one of the quickest developing economies. Studies recommend that Total factor productivity has been a very important factor behind the expansion in yield development during the change time frame and upgrades in TFP represent 30 to 58 percent of the new development. It implies that efficiency upgrades represent a huge extent of the emotional increment throughout recent years in the way of life in China. Both the yearly expansion in efficiency and its commitment to development over a supported period are among the most noteworthy on the planet, including the created nations. (Wu.Y-2000)

The war between the US and China also affects the emerging countries and this is happening as desired by the president of us trump because he thinks it would decrease the trade deficit. Both countries were trying to reduce their imports from each country to improve trade and balance production. It affects the whole world and faces a reduction in trade balances. The welfare gains would get benefits from us and Chinese demand for the product. If we take an example of countries we can see how they increase their export prices to these countries. Argentina and Brazil, the gains become larger in sectors because of a dispute between these countries other get benefit from it. In Mexico and India, the industrialization sector gets benefited most such as in the export of machinery and other electronic equipment. (Carvalho, 2019)

Findings

Taking into account that China's economy is huge, it's growing very rapidly day by day. China and the rest of the world have been increasingly connecting. The large territory and population growth have also impacted environmentally on the rest of the world. It is the largest producer of technology, agricultural and industrial productions. However, the extreme level of consuming these products is also causing air and water pollution that can be huge damage to the environment and climate. They have also increased the daily intake of meat and egg, which has been causing terrestrial and aquatic pollution.

Due to the increase in Chinese consumption of meat, they are no longer considered an agricultural society. China is also linked to the sea, which means that they have a coastal ecosystem that can be very beneficial for humans as it provides trading and food production. Despite this core value, human activities are misusing their coastal echo



system by overfishing, which causes a lack of fish like sharks and rays all over the world. The high rates of energy consumption are also generating toxic waste and dangerous gases, which also pollutes the environment. Though, this energy consumption can be a problem for the growth of China's economic growth in the future.

The poverty rate has also decreased with the help of its economic growth. The macroeconomic force has been the key instrument for reducing the poverty rate. The economic rate has a great impact on any country's poverty rate, which automatically affects the GDP rate growth. China has planned to focus on urban areas as well as rural areas to grow their economic development. Unlike other countries China always preferred to close its doors to tourism but later on, they figured out that tourism can also increase their economy, that's why they made tourism a relevant economic strategy in the development of the country.

Water scarcity has also become a major issue in China, with water shortages occurring in northern and eastern China. Furthermore, China's use of water resources has resulted in major environmental issues. Polluted water in China is also a major threat to the country's food security, people's quality of life, and economy. This issue was also raised by the international community, as China's water shortage can have some concerns for the entire world, as the country's ability to feed any number of populations would just be limited.

With all these pros of tourism, it also brought negative effects on the environment and the CO₂ emissions because the tourism activities need energy consumption which is produced by coal, natural gas, and oil, these all are the reason for climate change. The more energy will be consumed, the more CO₂ will be produced, and it can be dangerous for the environment and the future of developed and developing countries. The rapid growth of China's economy can also cross the United States in a few decades. China has good relations with many developed countries such as it is a good alliance with the United States, but it is predicted the unsatisfied needs of China can be very dangerous for the whole world in the future.

Conclusion



The world is in transition mode, by looking at the environmental change we can see that countries are affected but especially the low-income holders are affected the most in the last 45 years. The result is the vast spread of COVID-19 has impacted China more than any other country. The Chinese government had to deal with many conditions that they had to shut down production facilities and stop delivering manufactures and ranging from pharmaceuticals to automobiles due to this their global raw material price were also impacted including the massive loss of oil demand, economic loss, and many more major losses as the result of the pandemic. Now that we know that coronavirus had spread around the world and many countries are experimenting economic difficulties.

Countries were facing unemployment as a result of COVID, and business closure with estimated 3% unemployment in all sectors. The global GDP was falling by up to 3.9 percent, and poorer countries were suffering the most. Global institutions were fixing the issue by offering financial and technical assistance to countries experiencing economic difficulties at the moment. The goal of CPEC is to improve connectivity for China and Pakistan's economic development. This project has an impact on neighboring nations because it connects them to Pakistan.

The National Bureau of Economic Research examined the 2013-2015 export slowdowns in China to see how unfavorable economic shocks impact political outcomes under authoritarian regimes in strong states. They used precise customs data and the variance they disclose about China's basic risk in regions to the global trade slowdown to adopt a shift-share old estimation technique. Labor strikes rose dramatically in sub-districts that faced a more severe export decrease. This was followed by increased attention in such regions to maintaining domestic reliability. As evidenced by 1. Content analyzing policies they constructed from yearly spending reports using machine learning methods; and 2. Data they collected on local financial discretionary spending was directed towards public security and social spending. Following that, the federal government was more inclined to change the national secretary in governates where it was a large degree of excess striking over what might be the given documents about export slowdown was projected, implying that regional leaders were held accountable for political stability in objective criteria.

Pakistan confronts challenges as a result of this project, such as the idea that they import oil to produce energy, which puts Pakistan in danger if oil prices rise in the international



market. The most negative conflict that occurs is about security between the two countries, China and South Korea. This conflict led the Korean government to change its views about the Chinese from a positive image to a negative one. Korean government decides to reduce its dependency on China not just in tourism but also in the economic sector.

So far, we know that China is the world's quickest developing economy on the earth. Total factor productivity has been a major driver of the increase in yield growth over the transition period, with improvements in TFP accounting for 30 to 58 percent of new development. It suggests that performance enhancements account for a significant portion of the emotional increase in the Chinese lifestyle in recent years. Both the annual increase in efficiency and its dedication to growth over a sustained time are among the most notable in the world, including the developed countries.

To better explain the concept of China's development execution, extraordinary efforts have been made to investigate the wellspring of growth in absolute element efficiency and to examine development designs throughout Chinese locations. Furthermore, a few studies investigate the causes of growth in China by utilizing data at the overall level, at the effort level, by locations, or by firms. In any event, the role of monetary advancement in increasing Chinese efficiency has been mostly overlooked in the literature. As far as anybody is concerned, no attempt has been made to investigate the relationship between the monetary turn of events and absolute component efficiency development, using China as an example.

Various studies are being conducted to try to make sense of China's previous financial progress. A significant portion of progress writing makes sense of previous change wins as a rule, if by some stroke of luck undoubtedly, measured as monetary development through institutional modifications. Justin Lin interprets China's change achievement with the acceptance of a "near advantage following system," allowing full play to China's abundant blessing with labor. It calculates the impact of China's development on the rest of the world's development in the short and long term. Short-run gauges based on vector autoregression and error correction models indicate that the overflow effects of China's growth have grown in recent years. Long-term overflow repercussions, as measured by development relapses based on onboard information, are also crucial and have lasted for a



long period in Asia. The assessments are strong in terms of the effects of global and territorial shocks, changes in model specifics, and test periods.



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