2000 words

Intro: 200 words

4 Paragraphs: 200 words \* 4= 800

Analysis on argument: 800 words

Conclusion: 200 words

= 2000

Abstract:

Introduction:

What kind of an impact the fall of China’s economic fall would have on global economy?

**Perspective: Globalist**, anti-globalist, sceptical.

It is the biggest internal market in the world with 1.3 billion potential customers

Growing rapidly

Low labour costs,

According to the world investment report, China overtook the United States for foreign direct investment.

In 2015, China overtook the United states for foreign direct investment(UN,2015).

China joined two in 2001 (WTO,2001)

Although it is a promising economy, the GDP growth drop from 7.3% to 6.9% 2014-2015 (IMF,2015) is a worrying trend. John Mauldin from Forbes writes in his article that “China is running out of economic ammunition” (Mauldin, 2016). He further discusses how China devaluing it’s currency ???

The fear of China’s economic bubble bursting is real.

The question the world ponders is, what kind of an impact would China’s fall have on global economy? In this essay I will answer this question with a MMMM perspective on globalisation using PEST analysis.

An important question is how the Chinese economy would fall. If a capital stock adjustment happens, China’s potential growth rate would fall to 4% to 1.6% depending how bad the real economic growth rate would be(DIR, 2015). Having said that Daiwa Institute of Research

**Political:**

If a fall would happen in 2016:

China-US ties: In the presidential election many candidates talk about China’s growing power. Although it is just politics, there is some truth to it. China is a superpower, and other nations are afraid of what China can do. China’s economic fall would not only strengthen other powers such as the US and China, China’s central foothold in the east is at stake.

Shake the power-struggle of the east and the ‘real estate’ left open by China will be taken over by another power.

Perhaps china would have to loosen government regulations on the economy, which will lead to possible lower power standards (political)

If Chinese factories become unavailable or bankrupt, such as Apple’s Foxconn, manufacturing will move to other countries such as Vietnam or south east Asia, boosting their economy.

At the moment SOME PERCENTAGE of the world’s factories are situated in densely-populated

The environmental aspects of china’s fall

A fall in these factories might even help the living conditions of these people.

In terms of the global economy, the social aspects of china’s fall include

**Economic:**

In 2015 China had the highest GDP of any country with a growth of 6.8% (IMF, 2015). However, there is already a half percentage point dip in growth compared to 2014. If the Chinese economy would fall,

The U.S. economy would be greatly affected as well, however it is expected to not stagnate and maintain balance. “We expect the weakness in the corporate sector of US economy to be set off by the household sector and that the US economy will be able to avoid falling into a lull, instead moving toward a substantial recovery.” (DIR, 2015).

however it’s household sector is expected to aid it’s weak corporate sector and stop the economy into “falling into a lull”(DIR, 2015).

-Question the reliability of GDP data.

-Decline in Chinese economy -> Less income, wages lowered. Lower living conditions.

-Government would have to resort to taking a loan or just letting companies go bankrupt

-Companies will look to liquidize, minimize losses and become more efficient.

While other aspects are important, I believe that the economic implications for China’s fall would be the most significant. In this essay I have looked at how it would affect the United States, Europe and

Chinas economic fall would perhaps move factories elsewhere

Climate change

**Social:**

At the moment China is increasing wages in an attempt to boost consumption, increase living conditions and direct the economy away from being export-driven (Mauldin, 2016).

China’s method of boosting consumer buying power is by boosting wages and better living conditions, if this fails the fall would be catastrophic.

If the economy falls, wages will go down as will living conditions.

**Economic impact:**

**Technological:**

China’s exports of technology

Xx% of mobile phones, computers etc

Supply Lines, e.g. apple

Relocation in e.g. china, which some have already done

Many companies will have to relocate to more expensive alternatives, which will affect global economies. Some companies may even consider bringing production back to home country. (talked about this already in political section).

Technological Silicon Valley companies are based on the availability of cheap labour and manufacturing, and will not function as well. Technological bounds in terms of volume might decrease for a while until factories are relocated.

On the other hand, it might create innovation in effective manufacturing in the new countries, and possibly open new markets due to the lesser availability of electronic goods.

Jstore

Google scholar

## Sources:

# A review of the circular economy in China: moving from rhetoric to implementation

Biwei Su, Almas Heshmati, Yong Geng, Xiaoman Yu

<http://www.sciencedirect.com/science/article/pii/S0959652612006117>

GDP Share of World Total (PPP) Data for All Countries

Economywatch.com

<http://www.economywatch.com/economic-statistics/economic-indicators/GDP_Share_of_World_Total_PPP/>

Information on China/exports etc

Observatory of Economic Complexity

<http://atlas.media.mit.edu/en/profile/country/chn/>

Main FDI:

Santander:

<https://en.santandertrade.com/establish-overseas/china/foreign-investment>

World investment report 2015 China overtook us in FDI

UNCTAD(United nations conference on trade and development)

Accessed 3 March 2016

<http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf?lien_externe_oui=Continue>

China highest C02 polluter:

EDGAR (Emission Database for global atmospheric research)

<http://edgar.jrc.ec.europa.eu/overview.php?v=CO2ts1990-2014&sort=des9>

China’s GPD Growth in 2015 lowest in 25 Years

Wall street journal

<http://www.wsj.com/articles/china-economic-growth-slows-to-6-9-on-year-in-2015-1453169398>

China’s impact on US market

Bruce McCain, Forbes

<http://www.forbes.com/sites/brucemccain/2016/01/08/chinas-economy-is-not-really-the-problem-for-u-s-markets/#291051164d29>

Here’s What’s Happening with the Chinese Economy

John Mauldin, Forbes

<http://www.forbes.com/sites/johnmauldin/2016/02/02/heres-whats-happening-with-the-chinese-economy/#4190b09536cc>

Real Bibliography:

#### **Bibliography**

DIR, D.I. of R.G. (2015) *大和総研グループ / what will happen if china’s economic bubble bursts? Japan's economy has entered a temporary lull, but according to our outlook, will avoid recession.(no.186)*. Available at: http://www.dir.co.jp/english/research/report/jquarterly/20150910\_010110.html (Accessed: 5 March 2016).

IMF, I.M.F. (2016) *IMF -- international monetary fund home page*. Available at: http://www.imf.org/external/index.htm (Accessed: 4 March 2016).

Mauldin, J. (2016) *Here’s what's happening with the Chinese economy*. Available at: http://www.forbes.com/sites/johnmauldin/2016/02/02/heres-whats-happening-with-the-chinese-economy/#9854e1e36cc9 (Accessed: 3 March 2016).

UN, U.N.W.I.R. (2015) *REFORMING INTERNATIONAL INVESTMENT GOVERNANCE*. Available at: http://unctad.org/en/PublicationsLibrary/wir2015\_en.pdf?lien\_externe\_oui=Continue (Accessed: 4 March 2016).

WTO, W.T.O. (2001) *China - member information*. Available at: https://www.wto.org/english/thewto\_e/countries\_e/china\_e.htm (Accessed: 4 March 2016).

#### **Citations, Quotes & Annotations**

DIR, D.I. of R.G. (2015) *大和総研グループ / what will happen if china’s economic bubble bursts? Japan's economy has entered a temporary lull, but according to our outlook, will avoid recession.(no.186)*. Available at: http://www.dir.co.jp/english/research/report/jquarterly/20150910\_010110.html (Accessed: 5 March 2016).

(DIR, 2015)

IMF, I.M.F. (2016) *IMF -- international monetary fund home page*. Available at: http://www.imf.org/external/index.htm (Accessed: 4 March 2016).

(IMF, 2016)

Mauldin, J. (2016) *Here’s what's happening with the Chinese economy*. Available at: http://www.forbes.com/sites/johnmauldin/2016/02/02/heres-whats-happening-with-the-chinese-economy/#9854e1e36cc9 (Accessed: 3 March 2016).

(Mauldin, 2016)

UN, U.N.W.I.R. (2015) *REFORMING INTERNATIONAL INVESTMENT GOVERNANCE*. Available at: http://unctad.org/en/PublicationsLibrary/wir2015\_en.pdf?lien\_externe\_oui=Continue (Accessed: 4 March 2016).

(UN, 2015)

WTO, W.T.O. (2001) *China - member information*. Available at: https://www.wto.org/english/thewto\_e/countries\_e/china\_e.htm (Accessed: 4 March 2016).

(WTO, 2001)