



FACTORS THAT CREATE CHINA'S ECONOMIC STABILITY

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Abstract. *The stability of China's economy stems from the joint promotion of multiple factors, which involve policies, systems, resources and social conditions. This article deeply explores the key factors that create China's economic stability, which together constitute the foundation of China's economic stability. At the same time, it also pays attention to the potential challenges of internal and external risks, such as fluctuations in the real estate market, an aging population, insufficient consumption and domestic demand, and changes in the international economic environment. It expresses the expectation that China needs to continue to deepen reforms and optimize its structure in the future to cope with these uncertainties.*

Key words: *Macroeconomic control, market economy, financial environment, social stability, investment stimulus.*

Introduce

The steady and remarkable growth of China's economy has attracted global attention, but the risks of uncertainties still cannot be ignored. The pursuit of sustained, stable, and long-term prosperity is the goal. This report delves into the key factors creating China's economic stability.

Main text. China's GDP has shown a steady growth trend in the past five years. The GDP growth rate has slowed down in 2020 and 2022, but the growth rate has been strong in 2021, and the overall economic growth trend has been stable. By 2022, the United States' GDP will be US\$25.44 trillion, making it the world's largest economy. Followed by China, ranking second with a GDP of US\$17.96 trillion [1]. Inflation measured by the consumer price index (annual inflation rate) is 2.0 in China and 8.0 in the United States [2].



Figure 1.1 Main factors affecting China's economic stability.

Source: created by author

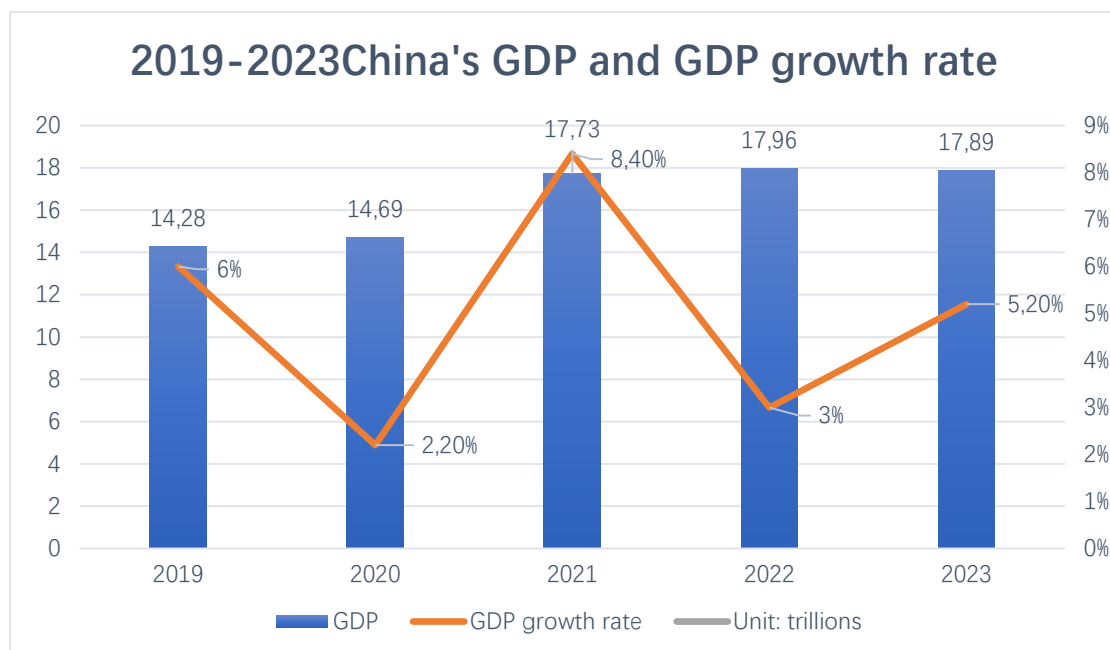


Fig.1.2 2019-2023 China's GDP and GDP growth rate

Source: <http://datatopics.worldbank.org/world-development-indicators>



China's economy has become the leader of the world economy. Driven by China's economy, African, Latin American and Southeast Asian countries, as well as the European Union, the United States, Japan and South Korea, have all seen rapid growth in trade with China. The current steady and sustained development of China's economy can create approximately 20 million jobs for the world every year (calculated based on the creation of one job based on US\$50,000 in import and export trade) [3]. The influence of China's steady economic development is changing the pattern of the world economy, and the Asian economic sector will have a major impact on world economic activities.

The first factor that creates China's economic stability is the macro-control of government policies. Skilled fiscal and monetary policies play a key role. Prudent fiscal management, including targeted spending and taxation, supports balanced growth. At the same time, strategic monetary policy controls inflation and maintains a stable financial environment. For example, massive investments in transportation, technology, infrastructure stimulate economic activity, urbanization initiatives and smart city projects drive sustainable growth and promote stability. A stable financial system, steady development of the banking industry, and a robust regulatory framework ensure financial stability. Measures to promote financial inclusion can help create a more balanced and resilient economy.

Second is the vigorous development of the market economy. China's export-oriented foreign trade growth has played a huge role. Strong trade surplus and foreign exchange reserves have enhanced economic resilience. Participation in bilateral and multilateral trade agreements can strengthen China's global economic position. Huge market demand stimulates the creation of a skilled and adaptable workforce. Skills development programs and flexible labor market policies promote economic agility, while social safety nets ensure social stability. A stable and safe society will promote market demand, thus forming an economic cycle of flexible development.

The stability of China's economy comes from the optimal combination of internal policies and resource conditions, as well as the dual support of external international cooperation and market dependence. External international factors include the



international market demand brought about by globalization and international cooperation. Global economic growth provides continuous demand for China's exports, ensuring the important position of China's foreign trade in the global supply chain. Through cooperation with multinational companies, overseas markets are expanded, international technology exchanges are strengthened, capital and technology flows are promoted, and industrial upgrading is promoted to integrate into the global innovation network. By participating in multilateral trade mechanisms such as the WTO and RCEP, a fair trade environment is ensured, international influence is enhanced, the internationalization of the RMB is promoted, dependence on the US dollar is reduced, and financial and monetary stability is enhanced.

These important factors are also included. China's emphasis on scientific and technological research and development has mobilized the enthusiasm of high-quality talents to participate in research and development, and the protection of intellectual property rights has promoted innovation. Technology transfer initiatives enhance the country's competitiveness. Improvement and implementation of poverty alleviation programs and social welfare systems. Addressing income disparities and promoting inclusive growth contributes to social stability, which is the cornerstone of economic well-being.

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