

Analysis of Problems Faced by China's Economic Development

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Abstract. The world community is taking note of China's robust momentum and quick economic expansion. China has had remarkable economic growth since enacting reforms and opening up, winning praise from all around the world for its accomplishments. As the second-biggest economy in the world today, China is a major force behind the advancement of the international economy. China is dedicated to continuing its steady progress and increasing its contributions to world prosperity in the future. But as China's economy develops further, some underlying problems have become apparent. This essay looks at the conflicts and difficulties that China's current economic development process is facing and suggests possible fixes. It points out a number of major issues, including a lack of ability for independent innovation, an excessive reliance on antiquated manufacturing techniques, a general lack of industrial standards, and an unsustainable load on the environment and resources. It will take constant commitment to research to address these problems in order to find gaps and provide workable solutions.

Keywords: China, economic development, international economy.

1. Introduction

Since the reform and opening up, the Chinese economy has experienced unprecedented development and achieved remarkable achievements that have attracted worldwide attention. This great historical process not only changed the face of China, but also made tremendous contributions to the development of the world economy. At the beginning of the reform and opening up, China's economic foundation was weak, technological level was backward, and people's living standards were generally low. However, with the deepening implementation of the reform and opening up policy, China has gradually integrated into the global economic system, and its economic vitality has been greatly unleashed. A series of major measures such as the reform of state-owned enterprises, the rural household contract responsibility system, and the establishment of special economic zones have laid a solid foundation for economic development. Entering the new century, the Chinese economy continues to maintain a rapid growth trend. Especially after the global financial crisis, the Chinese economy has shown strong resilience and potential, becoming an important engine of global economic growth. In this process, China not only strengthened economic and trade cooperation with countries around the world, but also actively participated in global economic governance, making positive contributions to building an open world economy. At the same time, the Chinese economy has also achieved transformation and upgrading in continuous development. The rapid rise of emerging industries such as high-tech and service industries has become a new driving force for economic growth. The implementation of the innovation driven development strategy has made significant progress in China's technological innovation, brand building, and other aspects, enhancing its international competitiveness. In addition, China is also striving to promote high-quality economic development. Through measures such as deepening supply side structural reform, strengthening ecological environment protection, and promoting rural revitalization, China's economy is developing towards a more green and sustainable direction.

Looking back at the history since the reform and opening up, the brilliant achievements of China's economic development can be seen, witnessing the struggle and wisdom of the Chinese people, and demonstrating the strong vitality of socialism with Chinese characteristics. There is reason to believe that in the future, the Chinese economy will continue to maintain a vigorous development trend,

making new and greater contributions to the progress and prosperity of human society. However, it must also be soberly recognized that the Chinese economy still faces some challenges and problems. This study provides an in-depth analysis of some potential problems currently facing the Chinese economy, providing a basis for future economic policy formulation.

2. Problem

2.1. Inadequate Capacity for Autonomous Innovation

Enhancing the capacity for autonomous innovation is crucial for elevating the caliber of economic growth, and China has endeavored to innovate in science and technology, accomplishing several noteworthy advancements in this area. China's capacity for autonomous innovation is still limited, though, and it cannot entirely satisfy the demands of the country's current economic development. The rationalization and updating of the industrial structure will first be hampered by the absence of autonomous innovation capability [1]. The three main industries won't be able to develop quickly, the industrial structure won't be able to accomplish anything, and it will be challenging to raise labor productivity and product added value if the essential core technologies transformation and upgrading cannot be grasped, production will not be able to meet consumer demand, and the supply and demand structure and economic structure will be unbalanced, which is not conducive to the healthy development of the economy. Second, the lack of independent innovation capability will restrict the transformation of China's economic development mode [1]. The core of accelerating the transformation of the development mode is to rely on science and technology, and the focus is to improve the ability of independent innovation. If the ability of independent innovation is insufficient, the driving force for the transformation of economic development mode is insufficient, which is not conducive to breaking through the limitations of energy, capital, manpower and other factors, and is not conducive to achieving intensive development. Thirdly, the lack of independent innovation ability will lead to inefficient resource utilization. If scientific and technological innovation cannot be relied to improve the efficiency of resource utilization, the problem of resource shortage will become more prominent, which is not conducive to the sustainable development of the economy [2]. In short, the lack of independent innovation capacity seriously restricts the transformation of China's economy from "high-speed growth" to "high-quality development".

2.2. The capacity for Backward Production is Still Very High

China's overcapacity is a complex and far-reaching phenomenon that affects economic development, and the reasons behind it are multifaceted. Firstly, it should be clarified that production capacity refers to the ability to produce products, so overcapacity is not product surplus. Even if there is no excess product, there is still a possibility of overcapacity. The issue of overcapacity in China can be argued from the following aspects:

(1) Overinvestment and insufficient demand. In the past few decades, the Chinese economy has grown at an astonishing speed, and many industries and enterprises have launched large-scale investment and expansion in order to seize market share. However, with the changes in the global economic situation and the upgrading of domestic consumption structure, the demand for products in some industries has not reached the expected level, leading to the prominent problem of overcapacity. This reflects insufficient consideration of market demand and capacity utilization in the investment decision-making process.

(2) The industrial structure is unreasonable. In some traditional industries, due to low technological level and product added value, enterprises often reduce costs by increasing production, leading to overcapacity. At the same time, the development of emerging industries is relatively lagging behind, making it difficult to effectively absorb the overcapacity of traditional industries, further exacerbating the problem of overcapacity. The imbalance of this industrial structure not only affects the economic benefits of enterprises, but also has a negative impact on the optimization of resource allocation and sustainable development of the environment.

(3) The behavior of local governments. In some regions, local governments often encourage corporate investment through policy support and preferential measures such as land and taxation in pursuit of political achievements and economic growth. However, this government led investment model often lacks sufficient consideration for market demand and capacity utilization, which can easily lead to overcapacity. In addition, there are also phenomena such as duplicate construction and vicious competition in some places, which further exacerbates the risk of overcapacity.

(4) Insufficient technological innovation and market adaptation. With the rapid development of technology and the continuous deepening of industrial transformation, some traditional industries are facing problems of technological backwardness and market saturation. Due to the lack of timely technological innovation and market adaptation strategies, the production capacity of these industries is difficult to fully utilize, resulting in overcapacity. At the same time, the emergence of new technologies and products has also had an impact on traditional industries, exacerbating the contradiction between market competition and overcapacity.

2.3. The Overall Level of the Industry is Low

At present, although China's industrial structure has begun to be optimized, there are still problems of low industrial level, specifically:

First, the primary sector is inefficient, to start. The majority of regions have relatively outdated agricultural production methods; mechanization levels and degrees need to be raised; agricultural infrastructure needs to be built with greater strength; agricultural production efficiency is low; agricultural product quality needs to be raised; and agricultural variety needs to be diversified [3]. Low levels of agricultural mechanization will not be able to free up the large labor force from agricultural production; low levels of scientific and technological application will result in low added value and low export competitiveness of agricultural products; and it is obvious that low levels of agricultural production efficiency will not be able to meet the various production and living needs of China's enormous population [4].

Secondly, the development level and capacity of the manufacturing industry need to be improved. At present, there is a serious mismatch between supply and demand in China's manufacturing production, with serious overcapacity and a serious shortage of high-end products that the people really need, resulting in a large amount of consumption spillover. At the same time, the manufacturing industry's scientific and technological innovation capabilities and levels are insufficient, and it is still at the low end of the global value chain. The existence of these problems is not conducive to the long-term stable development of enterprises, nor is it conducive to the transformation of China's economic development momentum and the improvement of efficiency. Therefore, if the industry cannot achieve high-quality development, it will be difficult for China's economic development to achieve.

Finally, the tertiary sector remains low. Although the tertiary industry has developed rapidly in recent years, its share of GDP is still low compared to developed countries. At the same time, the development of emerging industries such as electronics, information, biology, and new materials is relatively slow, and there is still a certain gap compared with developed countries. The inadequate development of the tertiary industry will directly affect the solution of the employment problem, which is not conducive to providing better services and support for the development of China's primary and secondary industries, and thus is not conducive to the high-quality development of China's economy. The overall low level of the industry restricts the realization of high-quality economic development in terms of agricultural foundation, factor use efficiency, and labor supply. The overall low level of the industry restricts the realization of high-quality economic development in terms of agricultural foundation, factor use efficiency, and labor supply.

2.4. The Load on Resources and the Environment is Too Heavy

China is now facing enormous resource shortages and environmental damage due to its over-reliance on the demand-side "troika" to drive economic growth, relying on large-scale consumption of resources and energy rather than relying primarily on labor productivity to increase economic

growth. Problems such as air pollution, water pollution, land desertification, soil erosion, and biodiversity destruction are becoming increasingly prominent, and the resource and environmental situation is extremely severe, restricting the improvement of the quality of China's economic development.

First, the heavy load on resources and the environment has caused a shortage of resource elements and increased the binding force of economic development. The ecosystem provides an indispensable life maintenance system and the most basic material resources for human production and life, and the survival and development of human beings are inseparable from the natural environment on which they depend [5]. China's rapid and extensive economic development for more than 30 years has consumed a lot of resources and energy, resulting in an increasing shortage of China's economy, which will make the future economic development face huge sustainability challenges.

Second, the heavy load on resources and environment has increased production costs, increased the difficulty of enterprise operation, and is not conducive to the transformation of economic development mode. On the one hand, resources are an indispensable factor for economic development, and if resources and energy are relatively abundant, the production cost will be low, and vice versa. On the other hand, the control of environmental pollution requires investment, and the increase of public welfare investment will have a crowding out effect on other investments, and the increase of the cost of pollution control of enterprises is not conducive to the optimization and upgrading of the industrial structure, and at the same time, it will also cause certain obstacles to the transformation of economic development mode [5].

Third, the heavy load on resources and the environment and the destruction of harmony between man and nature are not conducive to creating a good external environment for economic development. The carrying capacity of resources and environment is limited, and if it exceeds its own restoration capacity, it will destroy the harmony between man and nature, cause meteorological disasters and natural disasters, and cause serious damage to the stability and sustainability of economic development [5].

3. Conclusion

Since the reform and opening up, China's economy has developed very rapidly, becoming the focus of the world, and at the same time, it has also made great achievements, the quality of life of the people has risen rapidly, and China's future economic development will also make greater contributions to the prosperity of the world. However, rapid development is an advantage, but it also creates many problems, and some hidden problems are also unearthed. This paper analyzes the problems that China's economic development will encounter, such as the lack of independent innovation capacity and the remaining overcapacity of backward production capacity, which are the main problems that China will face. The paper's analysis can also help China to examine its own problems more intuitively and correct them, which may also be a way to accelerate economic development and overcome resistance.

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