

The Economic Situation In U.S. And China

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In today's world, the leading economies are also facing various challenges, and it's hard to predict if the leading players will be able to maintain their position in the next decade. Attaining higher growth, managing positive changes in tax policy, keeping track of spending behaviour, security situation, and political stability are the factors that provide the basis for economic development for any economy. Although, among the leading economies of the world, a slight change occurs in the GDP (i.e. real and nominal), but still the top global players remain the same. At present, the top two economies of the world are the U.S. and China, and now the question arises: can these two giants lead the global economy and political environment in the following ten years? The answer depends upon the current economic and geopolitical situation of these two regions.

The U.S Economic Situation

Despite many challenges both at domestic and global levels, the U.S. economy is expected to grow wider in the next decade. The global trends are changing at a rapid pace, and so is the U.S. economy. The U.S. economy constitutes about 20% of the world's production, which makes it more significant than that of China. The U.S. economy is based on a highly sophisticated and advanced service sector, which contributes up to 80% of its output.^[1] The service-based organisations largely dominate the U.S. economy in the fields of finance, technology, medicine and retail. At the international level, U.S. corporations play a vital role, with the inclusion of about twenty per cent of U.S. companies in the Fortune Global 500.^[2]

The 2030 ranking statement was a forecast, not a settled outcome. World Bank data for 2025 put nominal GDP at about US\$30.8 trillion for the United States and US\$19.5 trillion for China, with 2025 real growth of 2.2% and 5.0%, respectively. Despite being the number one economy in the world, the risk of recession is still there. The tension between the U.S. and North Korea can lead to a war, and if war takes place, the U.S. can face recession[3]. Also, the way Russia is going, it can have disputes with the EU, which could trigger war, and this won't be a healthy sign for the U.S. economy. The economists believe that the chances for the U.S. to face a recession are 14%. According to the World Bank, the global economy will grow at a very slow rate in the 2020s because the current upward trend won't remain the same; instead, it will fade. The slowdown in population will also come into effect, which will impact the world economy at large. The GDP of the U.S. in the year 2030 is expected to be 24,821.86 billion dollars which will be the highest in the world. Therefore, the United States will hold the No. 1 position as the largest economy in the world.

Economic Situation Of China

The Chinese economy is achieving a sustainable level of growth. China is deemed as an economic rival of the U.S. The economists also believe that the U.S.-China trade war will intensify in the years to come[4]. China is experiencing growth in GDP and per capita GDP (PPP). During the last five years, unemployment has come down as well, which is a clear indication that China's economy is growing steadily. In 2013, China's GDP was 9,694 (US billion \$); in 2014, it was 10,480(US billion \$); in 2015, 10,925(US billion \$); and in 2016, 11,212 (US billion \$). These figures show growth. Similarly, the figures of per capita GDP (PPP) during the last five years have been on the rise. The 6.5% and 6.3% figures were historical forecasts for 2018 and 2019, respectively, and should not be presented as current growth expectations.

In the last couple of decades, China has experienced remarkable growth, which gave it the position of 2nd largest economy in the world and is threatening to the U.S. In 1978, China initiated economic reforms, at the time it was ranked no.9 in nominal gross domestic product but 35 years from there, China is placed at second position in largest economies of the world and is continually growing. Also, China is likely to achieve the status of highest income by 2027. From export-based economic growth, China is shifting patterns to strengthen its economic situation by domestic customers alongside value-added sectors from technology and energy to education and healthcare. China's GDP will be 22,165.78(US billion \$) in the year 2030, which is an indication that China will grow three times its current GDP in the next 10-12 years[5]. By these figures, China will be the 2nd largest economy in the world.

Conclusion

Considering the current economic situation of the U.S. and China, it would be fair to say that these will be the two major centres of economic growth. They both have an exceptional global economic and political environment that gave them an edge over other nations. Nonetheless, there are threats of recession and war as the relationship between the EU and Russia is not very ideal, and if things deteriorate, then the world may see a serious conflict which would affect the world's top economies. Also, the tension between North Korea and the U.S. may result in a horrific war, which may change the scenario altogether, but under normal circumstances, the world will have two primary centres of economic growth, and these are the U.S. and China.

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