

Analysis of China's Macroeconomic Strategy in Response to the Epidemic

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Abstract: Under the rapid spread and influence of novel coronavirus, China's economy has suffered a strong impact. Many offline brick-and-mortar stores were closed in the epidemic, and some services industries have suffered heavy losses. To this end, China has adopted a series of policies according to the actual spread of the epidemic. Under the role of the combination of macroeconomic policies, China has recovered certain economic losses, and the economic development of many industries has shown a growing trend. Based on the current macroeconomic operation form, this paper studies the current macroeconomic strategies of China in response to the epidemic.

Keywords: Novel Coronavirus; Macroeconomic; Economic Operation; Strategy

Introduction

With the spread of COVID-19, major economies in the world have seen a serious decline in economic indicators. The emergence of the epidemic has brought unprecedented challenges and shocks across the country. To improve the decline in economic indicators, China has adopted a series of policy measures aimed at promoting the sustained and effective epidemic prevention and control and the steady recovery of economic operation. Under the influence of a series of policies, China's social and economy is generally healthy and stable. However, due to the severe epidemic abroad, the overall economy is in recession, and the economic development is shown in the form of uncertainty and instability, resulting in new difficulties in China's economic development.

1. China's macroeconomic operation situation under the epidemic environment

1.1 It has caused a strong short-term impact on the macro economy, but the overall trend is developing in a good direction

In the four to five years before the first spread of COVID-19, the GDP's year-on-year growth rate remained between 6.1% and 7.2%. In 2020, after the spread of COVID-19, the GDP fell by 1.6% in the first half of the year, 6.7% in the first quarter and 3.2% in the second quarter. macroeconomic development statistics show that in the first half of 2022, the added value of the secondary industry decreased by 1.9% year on year; thesecondary industry decreased by 1.9% year on year; the added value of the tertiary industry decreased by 1.6% year on year, with a certain downward trend, but still within a controllable range. According to the data of the second quarter of 2022, it can be seen that the GDP growth rate has bottomed out rapidly under the strong impact of the epidemic. After the implementation of a series of policies, there is a steady recovery. The overall stable economy is lower than before the outbreak of the epidemic, but some major economic indicators have been significantly improved. Relatively speaking, China's economy has a strong ability to withstand pressure and self-regulation.

1.2 Investment demand and consumer demand are limited, and gradually recovered in the second quarter

In the context of the epidemic era, if it is not contained, it will surely be a disaster. In order to prevent the continuous spread of the

epidemic, various regions have issued policies to limit the gathering and flow of people and strengthen quarantine measures, making the offline consumer demand decline significantly. Thanks to the continuous efforts of epidemic prevention and control personnel from all over the country, the effect of epidemic prevention and control efforts has been continuously improving, the market vitality has been enhanced, the consumer demand has been increased, and the overall economy is developing upward. In the first quarter of 2022, it fell 18.9% year on year, total sales of consumer goods in the first half fell more than 11% year on year, and national per capita consumption fell 9.3% year on year after deducting price factors. The government has also demanded tighter tightening in the epidemic era. Under the epidemic environment, people's total expenditure in science and technology, education, culture, energy conservation, environmental protection, and tourism has decreased significantly, and people's consumption has directly reduced their GDP by 2.9%. The rampant epidemic makes investors face huge pressure. On the one hand, economic benefits cannot be achieved, and on the other hand, necessary expenditures are still needed. Due to the needs of epidemic prevention and control, the amount of investment in public health has increased significantly, driving for 1.5% of the GDP in half a year.

1.3 The agricultural production situation is relatively good, and some service industries have suffered heavy economic losses

Under the epidemic environment, the first quarter of 2020 increased by 3.5% year on year, and the planting industry and agriculture increased by 3.8% in the first half of the year. In addition to the impact of COVID-19, the disease also suffered from African swine fever in 2020, with pork production fell 19 percent in 2020 year on year under the influence of the dual outbreak. With the gradual improvement and implementation of various measures for social and economic development and policies for coordinating epidemic prevention and control measures, industrial enterprises above designated scale will fully resume work in June 2020, and the production rate will gradually increase under the conditions of normal operation. In the industrial sector, in the first quarter of 2020, it decreased by more than 8.3% year on year, and the profits of large-scale industrial enterprises decreased by 36.5% year on year. With the implementation of economic policies related to the epidemic, the industrial economy gradually recovered, among which the high-tech manufacturing and equipment manufacturing industries showed the most obvious recovery. However, in the service industry, the service industry economy has declined significantly due to epidemic prevention and control measures, preventing gatherings, large movements of people, and quarantine measures. Among them, cinema lines, cultural tourism, catering, accommodation, transportation and other industries were the most directly affected by the epidemic and suffered heavy losses. Intensive places like cinemas were closed for half a year, with the flow of customers down nearly 60 percent year on year, retail and wholesale industries, and catering and accommodation down 27 percent and 8 percent, respectively.

2. China's macroeconomic strategy recommendations in response to the epidemic

2.1 Minimize the economic impact of the epidemic In view of the current epidemic

situation and prevention and control at home and abroad, its significant severe, complex, uncertain characteristics, requires us to realize the importance of the epidemic prevention and control measures, first of all, need personnel at all levels do not slack grasp real, grasp fine prevention and control measures, adhere to consolidate the containment effect, pay close attention to the international outbreak, strengthen international cooperation and epidemic prevention and control, for input epidemic risk, need to perfect the whole chain prevention and control policy, resolutely prevent overseas input cause wasted. Secondly, epidemic prevention and control personnel should make full use of modern information technology, continue to do regular epidemic prevention and control measures, design precise control plans, minimize the impact of the epidemic on the economy, and maximize the impact of the epidemic on people's lives. Thirdly, the pressure and compaction of local management responsibilities, based on the local department and the response requirements of major public health emergencies, precise epidemic prevention and control work, so as to avoid formalism, one-size-fits-all and layered control strategies. Finally, build a transportation support system and strengthen emergency supplies reserves to ensure timely deployment and use during the critical period of the epidemic. At the same time, corresponding social operation policies should be established to ensure the effective prevention and control of the epidemic and the orderly development of

business, work and production, and production and efficiency.

2.2 Take a number of measures to expand effective demand

In the context of rising protectionism, international demand shrinking and the world economy declining, it is even more important for us to make full preparations and leverage the strength of the public to improve sustained social progress and economic development. First of all, it can give full play to the role and advantages of the domestic large market, expand the domestic effective demand, develop the pattern of domestic and foreign double cycle and domestic circulation with the other as the main body, improve the supply system of domestic production system and demand system, and strive to open up domestic production, circulation and consumption links. Second, play the advantage of Internet network technology consumption, build stores combined with the Internet economic development, and according to the local outbreak, gradually recover affected, serious tourism culture, accommodation, catering, cinema line and other traditional consumption, promote the development of industry emerging consumption, such as online education, online medical and sports fitness, etc. Third, on the premise of ensuring rigorous epidemic prevention and control and no diffusion, we should give full play to the role of investment in attracting demand, and promote the resumption of work and production of key enterprises and major projects. Finally, we should identify the right investment areas, boost investment confidence, optimize the investment structure, plan new investment projects, and adhere to the direction of strengthening weak links, focusing on key areas, and tackling strong and weak areas. For planning new investment projects, we should focus on the construction of emerging consumption facilities, such as data centers, 5G networks and the Internet of Things.

2.3 Gradually improve the level of industrial chains and supply chains

Since December 2001 to join the world trade organization, China's economic has realized the rapid development, China's industrial chain, supply chain and the rest of the world, therefore, under the outbreak of China, need to stabilize the industrial chain and supply chain development, and gradually improve the level of industrial chain supply chain, promote the optimization of global factors of production. First of all, improve the quality of China's labor force, strengthen infrastructure construction, and comprehensively consolidate and gradually enhance China's position as the center of the international value chain and supply chain. Second, the optimal mode of transportation and assembly costs, ensure the comprehensive quality of the case to reduce labor costs, for overseas important raw materials, core components may produce break for risk of positive response, speed up the engine chip and other key areas of independent research, in accordance with the law to fully guarantee China is located in the global industrial chain supply chain important product exports and enterprises. Thirdly, make full use of both domestic and foreign resources and two markets, actively improve the quality of export products, increase the domestic sales volume, and realize the transformation and upgrading of the domestic market based on the actual market situation. Finally, to support and guide the construction of cross-border e-commerce experimental area, improve the level of trade facilitation, accelerate the cultivation of new growth points of foreign trade; actively participate in the reform of the WTO, and build a reasonable, just and transparent international economic and trade system.

Epilogue

The sudden outbreak of COVID-19 has had an unprecedented impact on China's economic and social development. In the face of the domestic epidemic, local governments have adopted the sniper war and achieved significant strategic results. However, due to the spread of the epidemic abroad, the turmoil in financial markets and the pressure of global trade, China's economic development is facing many uncertainties. Under such circumstances, how to cope with the impact of the epidemic and ensure the steady progress of China's economic construction has become a problem that researchers in relevant fields need to think deeply and study.

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