

China's WTO Accession's Effect on Chinese Society

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Abstract: The significant effects of China's 2001 admission to the World Trade Organization (WTO) on Chinese society are examined in this research. With an emphasis on four main areas—economic transformation and growth, social ramifications of economic development, cultural transformations and shifting societal values, and government policy responses—it examines the complex aftereffects of this historical event during the last 20 years. The report emphasizes how China's economic growth, industrial landscape, and integration into international trade networks have all been accelerated by WTO membership. It also looks at societal problems, such as regional differences, income disparity, and environmental problems. The study also covers the cultural shifts in consumer identity and behavior and how the government has adjusted its policies to reflect these developments. This study advances our knowledge of the wide-ranging effects of China's WTO membership on its economy and society by offering a thorough summary of these interrelated elements.

Keywords: Urbanization; Income disparity; Social transformation; Economic growth; Globalization; Consumer culture; Government policies; Environmental challenges; China; World Trade Organization (WTO)

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1. Introduction

A significant turning point in China's economic history was the country's official admission to the World Trade Organization (WTO) in December 2001. This historic occasion marked the beginning of a new era of rapid growth and structural change and demonstrated China's determination to join the global economy. The main goal of WTO admission was to increase commerce and draw in international investment. Still, the consequences went beyond economic indicators, radically altering Chinese government policy, society, and culture^[1]. This article examines the complex effects of China's WTO membership, emphasizing economic growth, social change, cultural transitions, and policy modifications over the previous 20 years.

2. Growth and economic transformation

2.1. Trade and economic growth expansion

After its WTO entrance, China became one of the most powerful participants in the world market, which allowed for a large trade growth. As evidenced by its rapid economic expansion, China's GDP rose at an average yearly rate above 7% between 2001 and 2021 ^[2]. The nation dominated export markets using its comparative advantage in low-cost manufacturing, especially in machinery, electronics, and textiles ^[3].

Lower tariffs and better market access made an exceptional rise in export volume possible. Over two decades, total exports increased by an astounding 1,160%, from \$266 billion in 2001 to almost \$3.36 trillion in 2021 ^[4]. This export boom was a key contributor to economic expansion, generating millions of jobs and sharply lowering poverty rates. Due in great part to the economic prospects brought about by China's inclusion in international trade, the World Bank estimates that over 800 million people were lifted out of extreme poverty during this time ^[8].

The export-oriented growth strategy promoted associated sectors, including banking, logistics, and transportation, and aided in the expansion of the economy as a whole ^[1]. In addition to helping the export industry, the country's high-speed rail systems, ports, and logistics hubs expanded, enhancing economic efficiency and domestic connection.

2.2. Industrial upgrading and foreign direct investment (FDI)

Foreign direct investment (FDI) was one of the main benefits of joining the WTO. China drew in global firms looking to exploit its sizable market and affordable labor by easing investment restrictions and providing favorable policies. Coastal cities like Shanghai, Shenzhen, and Guangzhou became important hubs for foreign businesses as FDI inflows increased from \$46.8 billion in 2001 to around \$150 billion by 2020 ^[5].

The presence of global corporations greatly aided the modernization of Chinese industry. These companies use cutting-edge technologies and management techniques to increase output and efficiency, easing the transition from labor-intensive to capital and technology-intensive industries. Significant improvements were made, for example, in the electronics and automotive industries, which aided China in moving up the value chain and becoming more competitive internationally ^[6].

Businesses with foreign investments were not just the industries that underwent this industrial upgrading. Significant changes were also made to domestic businesses through joint ventures, technological transfers, and heightened competition. Numerous Chinese businesses, like Tencent, Alibaba, and Huawei, have become world leaders in their industries, demonstrating China's increasing capacity for innovation and technological ability ^[3].

2.3. Conflicts in international trade and economic adjustments

China's economic progress was aided by WTO membership, but trade tensions also escalated. As a result, especially with important partners like the U.S. and the E.U., important industries like steel, electronics, and agriculture have been impacted by tariffs and trade barriers that have been imposed as a result of disputes over trade imbalances, intellectual property rights, and market access ^[4]. Through initiatives like the "dual circulation" strategy, which attempts to increase local consumption and promote innovation, the Chinese government has focused on lowering reliance on international markets due to these tensions ^[7].

China has stepped up its efforts to rebalance its economy in response to these difficulties. The government has implemented measures to boost domestic consumption, encourage domestic innovation, and advance vital industries like biotechnology, artificial intelligence, and quantum computing. Encapsulated in efforts such as "Made

in China 2025,” these programs demonstrate China’s goal of becoming a global leader in high-tech industries rather than the “world’s factory” [6].

3. The effects of economic development on society

3.1. Growing regional disparities and income inequality

Even if the economy has improved overall, China’s fast expansion has worsened income inequality. The Gini coefficient indicated a growing economic disparity, a measure of income distribution, which increased from 0.44 in 2001 to 0.47 in 2020 [2]. While inland and rural areas trailed behind, coastal provinces like Guangdong, Jiangsu, and Zhejiang, which benefited the most from international trade and investment, had notable income rises. Social conflicts and regional inequality have been exacerbated by this discrepancy [8].

The urban-rural divide is especially noticeable, with urban dwellers enjoying greater earnings and better access to services than their rural counterparts. A sizable “floating population”, projected to reach over 290 million by 2020, has resulted from millions of rural people migrating to urban areas in pursuit of better employment possibilities [7]. These migrant workers frequently deal with issues including subpar housing, restricted access to healthcare and education for their kids, and precarious employment, underscoring the negative social effects of fast economic expansion.

To tackle these problems, the Chinese government has implemented several measures to lessen regional inequalities and enhance the well-being of migrant and rural communities. These consist of focused measures to reduce poverty, changes to the system of hukou (household registration), and more investment in inland areas through projects such as the “Western Development Strategy” [1].

3.2. Environmental issues and urbanization

China’s urban population increased from 37.7% in 2001 to 60.6% in 2020 due to the economic boom that followed WTO entry [8]. Megacities like Beijing, Shanghai, and Guangzhou have grown due to this change and are now hubs for innovation and economic activity. Fast urbanization has brought tremendous opportunities and formidable obstacles regarding social integration, infrastructure development, and urban planning.

However, fast industrialization and urbanization have now caused serious environmental issues. Millions of people’s health and well-being are impacted by the extreme air and water pollution caused by industrial pollution, deforestation, and overexploitation of natural resources [1]. In addition to affecting public health, environmental deterioration has also raised concerns about long-term economic viability.

The Chinese government has fought these problems by enforcing more stringent environmental laws and investing in renewable energy projects, like wind and solar electricity, to support sustainable development [5]. China has committed to setting ambitious goals to become carbon neutral by 2060, making it the largest investor in renewable energy globally. The public’s desire for improved environmental quality and realizing the financial potential of green technologies contribute to the growing awareness of the need to balance environmental preservation and economic growth.

4. Social values and cultural changes

4.1. How consumer culture is changing

Chinese consumers are now more exposed to foreign brands and goods due to China’s economic integration with

the rest of the world. Western companies representing prestige and modernity, such as Apple, Starbucks, and Nike, have become very popular, especially with younger consumers ^[3]. This tendency has been further accelerated by the emergence of e-commerce platforms such as Alibaba and JD.com, which have made it simpler for customers to access a large range of products from around the globe ^[5].

This change in consumer culture has also impacted spending patterns, with a greater focus on lifestyle and high-quality goods. Reflecting broader shifts in societal attitudes and expectations, the growing middle class—predicted to number over 400 million by 2020—has emerged as a major force behind the demand for luxury products, tourism, and experiential consumerism ^[9]. As consuming increasingly becomes a source of social differentiation and self-expression, the evolution of consumer behavior has affected economic patterns, social interactions, and personal identities.

4.2. Globalization and cultural identity

Social values in China have been significantly impacted by the cultural integration brought about by globalization. In contrast to traditional collectivist ideals, younger generations have demonstrated a greater openness to Western concepts like individuality and materialism ^[10]. Changes in attitudes toward relationships, careers, and lifestyle choices indicate this cultural transformation, with many young Chinese adopting a more independent and global perspective.

The popularity of “guochao” (national trend) goods that honor Chinese artistry and legacy, however, indicates that this cultural transition has also spurred a resurgence of interest in traditional Chinese culture ^[7]. As Chinese consumers attempt to balance their admiration for global trends and their wish to reconnect with their cultural heritage, this phenomenon represents a complicated struggle between global and local identities. This cultural rebirth is reflected in the popularity of historical dramas, the resurgence of ancient arts, and the increasing interest in traditional Chinese medicine.

5. Reactions to government policy

5.1. Social and economic reforms

The Chinese government has undertaken significant policy initiatives to foster social stability and promote inclusive growth, addressing the challenges brought by globalization and a rapidly transforming economic environment. One of the flagship policies is the “Made in China 2025” campaign, which aims to enhance China’s manufacturing capabilities and drive innovation in high-tech sectors, including biotechnology, robotics, and new energy vehicles ^[6]. This strategic policy focuses on technological advancements and emphasizes the importance of reducing reliance on foreign technologies, thereby strengthening China’s position in the global value chain.

The government has introduced financial incentives such as tax breaks, subsidies, and preferential loans for companies engaged in R&D and high-tech manufacturing to bolster domestic industries further. This has led to a surge in patents and innovations, with Chinese companies becoming more competitive globally. For example, China’s artificial intelligence (AI) advancements have placed it among the world’s leading AI developers, with applications from autonomous vehicles to smart manufacturing. This focus on innovation has been pivotal in transitioning China from a low-cost manufacturing base to a global hub for high-tech industries.

In parallel, the government has expanded social welfare programs to mitigate the disparities exacerbated by economic growth. Social housing initiatives have been scaled up, particularly in urban areas, to accommodate

the influx of migrant workers seeking better employment opportunities. The expansion of affordable housing has helped stabilize urban housing markets and provided a safety net for low-income families, improving overall living standards. Additionally, reforms in the education system aim to equalize access to quality education across different regions. Introducing new policies, such as increased funding for rural schools and scholarships for disadvantaged students, has helped bridge the educational gap between urban and rural areas, fostering a more equitable society^[2].

Moreover, the healthcare sector has seen substantial improvements. The government has implemented a universal healthcare coverage system, significantly increasing access to medical services nationwide. By integrating public and private healthcare resources, the government has enhanced the efficiency of medical care delivery. Expanding primary healthcare services, particularly in underdeveloped areas, has reduced disparities in healthcare access, contributing to better public health outcomes. The establishment of telemedicine services has also extended healthcare access to remote regions, making it easier for rural populations to receive medical consultations without traveling long distances.

In addition to social and economic reforms, China has strongly emphasized environmental protection and sustainable development. The concept of “Ecological Civilization” has been embedded into national policies, signaling a commitment to balancing economic growth with environmental preservation. The government has introduced stringent regulations to curb industrial emissions, implemented stricter environmental impact assessments for new projects, and promoted renewable energy sources such as solar, wind, and hydropower^[5].

6. Conclusion

Over the past twenty years, China’s WTO entry has resulted in notable social, cultural, and economic transformations. Thanks to increased trade and foreign investment, China has become the second-largest economy in the world. However, there are also unavoidable drawbacks, such as growing income inequality, environmental damage, and cultural changes^[1].

China must prioritize balancing economic growth, social justice, and environmental sustainability as it integrates into the global economy. Maintaining the nation’s economic momentum while tackling the inequalities and difficulties that have surfaced is a difficult undertaking. Long-term stability and prosperity will depend on bolstering social welfare systems, encouraging equitable growth, improving regulatory frameworks, and stimulating innovation.

China’s WTO entry has had a profound effect that goes well beyond its boundaries, changing supply chains, trading patterns, and economic ties worldwide. China’s role in the global economy will continue to change as it shifts from a manufacturing-driven economy to one more focused on innovation and domestic consumption. In addition to influencing its destiny, the nation’s capacity to manage these changes while resolving internal issues will significantly impact the 21st-century global economic order.

Disclosure statement

The author declares no conflict of interest.

Author contributions

Study idea conceptualization: Biqing Chen

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