

## The Present and Future of China's Economy

Civil engineering faces overcapacity, affecting related industries like steel, construction materials, decorating materials, and upstream industries like coal and petrochemicals. As civil engineering declines and reduces capacity, massive unemployment will follow in coming years.

Houses are increasingly difficult to sell. Many real estate developers go bankrupt or abscond, leaving unfinished buildings. Buyers lose both money and property. Governments can't generate significant revenue from land sales, straining fiscal income.

People's money is largely tied up in mortgages and rent. Under the pandemic's impact, already weak domestic consumption further shrinks. One person's spending is another's income. Most industries now struggle to make money.

During the pandemic, people cut spending where possible, but must still pay rent and mortgages for the next 10-20 years. Down payments or mortgage payments often come from extended family and online lending platforms. This ties up society's disposable income in housing.

In coming years, most people will struggle to get by, paying mortgages, rent, and food. Except for necessities, companies in other industries will struggle, leading to more bankruptcies, unemployment, and further consumption decline in a vicious cycle.

Those with stable jobs can still earn well but must be frugal. Yet savings often go into housing after a couple years, seeing it as cheap now. Whether spendthrift or thrifty, everyone ends up buying houses. Housing takes priority; those without houses who spend heavily on other products are considered foolish. While real estate struggles, it's still better than other industries.

As conditions worsen and people only spend on housing and food, earning becomes harder and unemployment rises. When unemployed people can't pay mortgages, banks repossess homes and sell at a discount. Buyers who might have had savings end up in debt with no house.

Banks lend heavily to civil engineering, real estate developers, and infrastructure contractors. Developers can't sell houses to repay loans, infrastructure projects barely break even, and personal mortgage defaults increase. Banks start failing, requiring state takeover. The state must print money to cover deposits, causing inflation. The economy relies on confidence; a bank run would cause widespread bank failures.

There's no remedy. China was a massive construction site for the past decade, with prosperity built on mortgages from millions of homebuyers, mortgaging future decades of income for countless families to build houses and infrastructure.

Many roads and bridges see little traffic, yet why does the state keep investing heavily in infrastructure? Why not improve public welfare instead? The answer is clear - projects bring opportunities for profit. Giving

money directly to people doesn't benefit certain interests.

Young people who can't afford urban housing or rent are returning to rural areas, engaging in farming, animal husbandry, or odd jobs to minimize living costs.

People don't lack products or services - they lack money. Small businesses and entrepreneurs face increasing difficulties. Even major internet companies with thousands of employees struggle to profit. Creating innovative products is extremely challenging. People would rather own a house, sacrificing everything but food for 10-20 years. Many can't even pay mortgages now.

Chinese companies listed in Hong Kong and US have seen share prices halve, most still losing money. The economy started declining in 2018-19, but wasn't as bad as now. If they couldn't profit then, what hope is there? It's not about being cost-efficient or investment phases - they simply can't convince people to buy their products, despite nationwide advertising. People focus on saving for houses or paying mortgages.

During economic depression, stock trading discussions increase. Cryptocurrency is also hot now, as making money elsewhere is too difficult. People try these as last resorts.

People desperately need money but can't earn it, so they give up. They close businesses, abandon entrepreneurship. Those with jobs might want side work to buy houses but find earning too difficult. The unemployed live with parents or return to rural areas to minimize costs.

People become idle, spending time on TikTok or gaming. Many feel bored and anxious but helpless, becoming passive and living day by day. Top entertainment content gets more viewers but people can't spend. They're just passing time.

Despite people lacking money, prices rise instead of companies competing and lowering prices. Companies must raise prices to survive rising rents and wages. Orders and customers decrease, but lowering prices won't attract more. They raise prices to survive with fewer customers, but ultimately fail as consumption continues shrinking.

High-net-worth families in tier-1 cities sell properties, converting to US dollars or emigrating as they see the trend. National forex decreases while underground currency exchange and emigration businesses thrive.

During the 1929-1933 Great Depression, infrastructure investment could help recovery. Now roads, bridges, and dams are abundant after a decade of construction. The 2008 financial crisis was addressed through central bank intervention, but excessive currency has been printed over the past decade. Options are exhausted.

These observations come from watching friends and society, plus future projections. Years of experience show life's difficulties. This isn't about opposing home ownership, but warning about risks.

We're all common people struggling to make a living, working overtime or unable to find jobs. I write this to say it's not our fault or lack of ability - even major internet companies can't sustain themselves. We

shouldn' t blame ourselves or feel sad.