

Research on the Path and Countermeasures for China to Realize the Strategic Transformation of Internal Circulation Driving External Circulation

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ABSTRACT. With the continuous development of China's economy, China is constantly in the course of exploration. In the new era of socialism, China's economy has emerged a new model, namely the strategy of internal circulation driving external circulation. Under the guidance of this strategy, China's economic development can be effectively promoted, which makes China more open and closer to foreign economic exchanges. This scientific and feasible strategy adapts to the development rules of international market economy, provides vitality for domestic enterprises in China and provides greater employment opportunities for the people.

KEYWORDS: Internal circulation driving external circulation strategy, Obstacles for internal circulation, Countermeasures for path change

1. Introduction

With the development of China's economy, the internal circular economy market has gradually shown a saturated trend, which leads to less economic growth points and weaker economic vitality. This is the only way for one country to go through in the process of development. Therefore, it requires China to change economic strategic objectives and realize the strategic transformation of internal circulation driving external circulation, which has become an important economy development strategy in China's new era.

2. The Strategy of Internal Circulation Driving External Circulation

Before focusing on the path to realize the strategic transformation of internal circulation driving external circulation, it is necessary to explore how the internal circulation and external circulation are transformed. Since the reform and opening up, China has gone through four internal cycles. First of all, the implementation of household contract responsibility system has made rural farmers rich. By enriching rural farmers, it promotes the development of national economy, so that China has funds to carry out close trade links with countries around the world, thus promoting the development of external circulation. With the development of coastal economy, China's coastal cities have gradually developed and prospered. Then, the global economic recession makes China's trade volume with foreign countries decrease significantly. Our country has gradually begun to strengthen the development of internal circulation and accelerate the economic development of the western region. The economic prosperity of coastal cities has become the main goal. Nowadays, due to the epidemic situation, the domestic market economy becomes depressed. Therefore, it is necessary to promote the strategic development of internal circulation driving external circulation, enhance the vitality of China's economy and ensure the continuous improvement of people's living standards.

3. Obstacles for Internal Circulation

In order to understand why China should carry out the strategic transformation of internal circulation driving external circulation, we should first analyze the advanced internal circulation economy in China, and analyze the fundamental reasons for the transformation from internal circulation to external circulation, so as to better explore the countermeasures for the transformation path. China has experienced four internal and external circulation cycles. Nowadays, China's economy is in the internal circulation. The internal circulation economic strategy is a combination of infrastructure, real estate and domestic consumption. The importance of international trade in China's economy has declined. This internal circulation mode will stimulate the rapid development of domestic economy for a certain time.

Infrastructure and real estate can provide a large number of jobs for the society, which not only improves people's transportation and living conditions, but also stimulates economic growth. However, relying on infrastructure, real estate and domestic consumption, the internal circulation has prominent disadvantages. With the acceleration of China's urbanization and the connection of high-speed railway, bridges and highways, there are less and less infrastructure projects and more and more employees. The passive situation eventually leads to no infrastructure projects to do. But infrastructure practitioners and infrastructure companies became miscellaneous. As a result, it is difficult for the society to be responsible for such a large number of employees, which directly leads to the unemployment and bankruptcy of these employees and companies, so that the social economy has a tremendous impact. Real estate projects have been one of the main ways to maintain China's economic growth in the near future. However, relying on real estate to maintain China's economic growth damages to the long-term interests. People's savings are all absorbed into the real estate sector, which leads to the lack of vitality in other fields and seriously inhibits China's economic development. With the increasing pressure of social life, more and more young people choose not to purchase but rent a house for a long term. They have less demand for real estate. The price of housing is determined by the relationship between supply and demand of society. When real estate sales exceed supply, there will be a huge economic bubble. Once a property crash emerges, countless residents will go bankrupt and the national economy will go backwards^[1]. Japan provides a vivid case. Due to the real estate collapse in Japan, many companies went out of business, and countless families went bankrupt. There were countless cases of committing suicide of the impoverished, which caused a fatal blow to the Japanese economy. After that, Japan's economy has declined for 20 years, and it is still in the shadow of economic recession. Relying on domestic consumption to boost economic growth also has obvious disadvantages. Firstly, most of the residents' savings have already flowed into the real estate market, which makes it impossible for residents to buy high-quality commodities. Because of that, manufacturers tend to produce some commodities with low price, poor quality and low scientific and technological content, which makes people's lower evaluation to domestic products. Foreign countries take this opportunity to expand sales of their products in the Chinese market. China's national manufacturing industry has no chance to develop. China-made has long been criticized as fake and low-quality products and its international evaluation is generally not high, so that China cannot achieve economic prosperity at home and abroad. China's current internal circulation mode has been unable to support the sound development of the economy. So it is necessary to carry out the strategic transformation of internal circulation driving external circulation, so as to realize the growth of China's economy again.

4. Countermeasures for Path Change

In order to realize the primary goal of the strategic transformation of internal circulation driving external circulation, we need to change the development strategy first, solve the serious problem of overcapacity, promote the development of domestic industry, improve the scientific and technological content of products, enhance the international competitiveness of Chinese products, and expand infrastructure business, so that China's economy can be fully developed.

4.1 Solving the Problem of Overcapacity

China is a big manufacturing and industrial country, and internal circulation in our country mainly focuses on infrastructure and real estate. With the rapid development of urbanization and infrastructure projects, China's steel manufacturing industry and chemical raw material manufacturing have been developing vigorously, which leads to the prominent problem of overcapacity. Overcapacity means that the total market demand is less than the total supply of the market. It can lead to lower commodity prices in the market and increase the risk of vicious competition among enterprises. Therefore, putting excess capacity into the international market is an effective way to alleviate the contradiction between domestic supply and demand. In addition, due to the backward equipment, poor economic benefits and serious environmental pollution in some industries, China should also gradually eliminate the industry and stop the backward enterprises, or integrate them into national enterprises for management, solve the problem of domestic overcapacity, concentrate elite enterprises for manufacturing, invest domestic surplus capacity into the international market, realize profit growth, and promote domestic economic development^[2]. For example, the Belt and Road initiative in China can effectively solve the problem of domestic steel overcapacity. China's steel overcapacity can be transformed into raw materials for infrastructure projects by building railways to help countries along the road carry out infrastructure construction work, so that the excess capacity can be released. The selfless action about infrastructure projects can gain praise of the people from the countries along the road, and the trade between China and the countries along the road will be smoother in the future, thus playing the role of external circulation driven by internal circulation, promoting the growth of China's economic external circulation, and finding a new growth point for China's economic growth.

4.2 Improving the Technical Content of Products

China is a big manufacturing country. About 80 percent of the world's products are made in China. However, China-made is also a synonym for cheap and fake products abroad. It obtains negative comments from the international market, which includes many reasons. The first reason is that the products from poor domestic manufacturing industry are not popular with foreign countries, and the second is that China's manufacturing industry only produces commodities and lacks innovative spirit, which makes China's manufacturing level a qualitative leap^[3]. China's strategic transformation of internal circulation driving external circulation has outstanding advantages. The number of industrial manufacturing equipment ranks first in the world, and the industrial manufacturing system is perfect. If China's industries and manufacturing sectors can improve the quality of their own products and improve the scientific and technological content of products, relying on China's strong manufacturing system, they will achieve rapid growth by leaps and bounds, and the advantages of internal circulation driving external circulation can be reflected perfectly. This requires China's manufacturing sectors and industries to introduce high-end talents, carry out independent scientific and technological research and development of products, improve the scientific and technological content of products, let "made in China" become "intelligent manufacturing" in China, and promote the process of external circulation. The core technology of some advanced equipment in the process of production is still in the command of foreign countries, so scientific research institutions must focus on solving the technical problems of high-end equipment manufacturing abroad, make the advanced processing and production technology of commodities firmly in China's hands, enhance the competitiveness of Chinese goods, and promote the implementation of the strategy of internal circulation driving external circulation.

4.3 Expanding Overseas Infrastructure Business

Expanding overseas infrastructure business can not only solve the problem of domestic overcapacity and win the favor of overseas countries for China, but also promote China's infrastructure technology. China's overseas infrastructure business is a symbol of China's infrastructure, which makes countries around the world realize that China's infrastructure technology has been far ahead, so as to invite China to carry out larger infrastructure construction projects with more investment and higher technical requirements. This helps to enhance China's status in the world and effectively improve China's infrastructure technology through countless practices. Expanding overseas infrastructure business is an important step in China's internal circulation driving external circulation strategy, which can make the world have a clearer understanding of China's technology and manufacturing, thus laying a good foundation for promoting the mode of external circulation economy.

5. Conclusion

China's path to realize the strategic transformation of internal circulation driving external circulation relies on the strong industrial manufacturing system and infrastructure construction experience to drive the transformation of external circulation strategy, effectively promote China's economic development and boost China's national economic growth.

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