

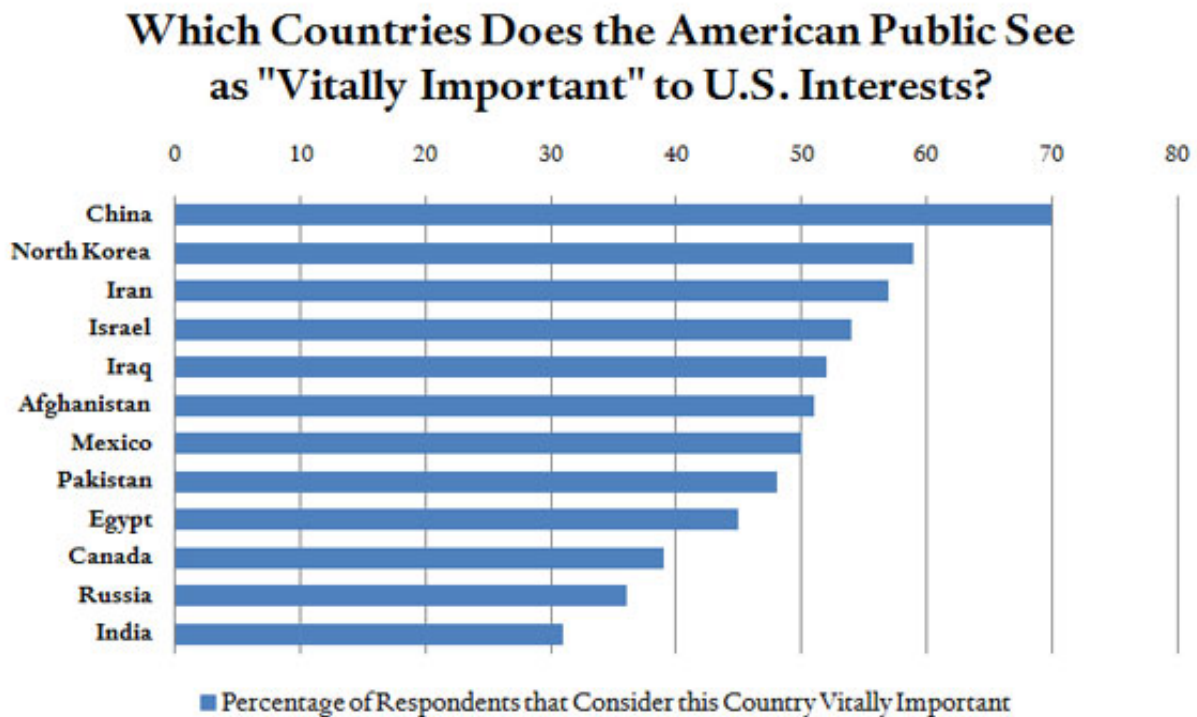
The Rising of the Dragon

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Chinese Culture and Society

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Introduction



Chinese development has been a hot topic lately, and it is becoming even more so as current trends, if they persist, could have a dramatic impact on the world's economical and political landscape before 2030. Its economy is developing at an impressive rate, and the country is gradually increasing its global economic and political influence. There has been speculation about its future potential to act as a major driver of the global economy.

In this paper, we will try to further discuss and analyze Chinese development, by providing insight into several key features of its growth and possible impacts on our political, economical and cultural landscape. We will then try to assess the possible outcomes of current issues that will determine the role of China in the future.

Historical Background

As an introductory effort, we will try to place the rising trends of China into their historical context.

China has the longest continuous national history (around 4000 years) and was politically,

militarily and economically dominant in its region (and also globally significant) for most of that period. This was based on a system of imperial regimes - administered by Confucian bureaucracies who sought wisdom from a study of the past. This seems to have been based on views about the nature of knowledge, society, power, economic goals and governance that are quite different to those of Western societies.

In simpler terms China was apparently held together through cultural conformity (backed by force) [1]. Harmony and learning were idealized under Confucian traditions and achieved through a form of centralized soft-power ("thought control"). Under the examinations system the Emperor (the "chief examiner") determined which of the best students the education system produced he favoured to control administration, and the bureaucracy then exerted state power primarily by guiding the way ordinary people understood the world. China's traditional regimes seemed incapable of coping with the more decentralized initiative and empirical knowledge of European powers during the latter's period of economic, military and political expansion from the 15th to the 19th centuries.

In 1911, China emerged from its feudal order - and then experienced decades of instability. It was governed to 1949 mainly by the Nationalist Party in the face of conflict with: imperialist warlords; Communists (at times); and expansionist Japan. The Nationalists favoured building China on the basis of traditional values and Confucian administration but were forced out in 1949 by the Communists led by Mao Zedong - who favoured breaking down the traditional social order, abandoning some of China's cultural traditions and adoption of a Marxian version of Western methods. Mao's "cultural revolution" then largely deprived the country of its traditional Confucian intellectual capital (and made initiative impossible for ordinary people) - resulting in widespread suffering and economic setbacks. [2]

It was only after the liberalization reforms and a neo-Confucian cultural counter-revolution in the late 1970s (under Deng Xiaoping initially and possibly with assistance from Japan [3] and the factions aligned with the former Nationalist Party), that China made appreciable progress.

Massive external (manufacturing) investment was first attracted based on education and cheap skilled labour, while equally massive internal investment has more recently been mobilized in modern infrastructure and urban (including consumer) facilities especially in major cities. Despite China's intense population pressure, there was no shortage of land as traditional uses were simply demolished to make way - and existing residents apparently compensated with an apartment and better job prospects (though this process frequently generates dissatisfaction). In China all land belongs to the state, and occupants only own the structures erected on it.

A key feature of China's rapid growth is seen to have been its ability to reform its economy very quickly to become more efficient. Techniques that encourage and support policy initiative within hierarchies have been developed.

Society

"China's leaders have recognized that the country's growth model, which has been so successful for the past 30 years, will need to be changed to accommodate new challenges," said World Bank Group President Robert B. Zoellick.

A recent report by the World Bank [4] states that by 2030, China has the potential to be a modern, harmonious, and creative high-income society. But achieving this objective will not be easy. To seize its opportunities, meet its many challenges, and realize its development vision for 2030, the report indicates that China needs to implement a new development strategy in its next phase of development. The reforms that launched China on its current growth trajectory were inspired by Deng Xiaoping who played an important role in building consensus for a fundamental shift in the country's strategy.

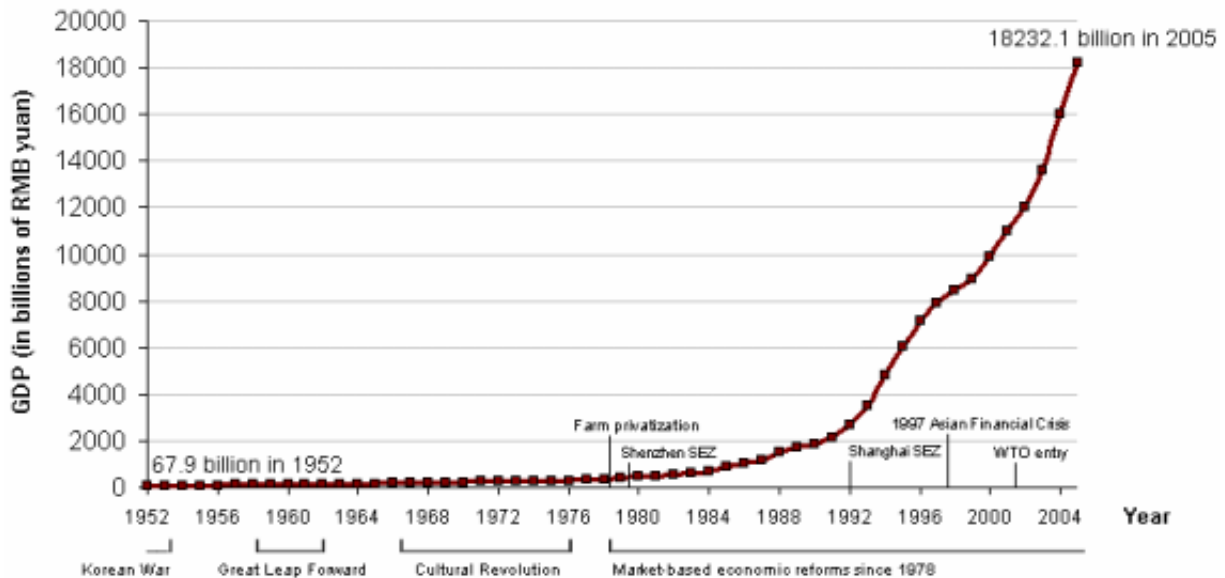
After more than 30 years of rapid growth, China has reached another turning point in its development path when a second strategic, and no less fundamental, shift is called for. The 12th Five Year Plan provides a good start. The report further combines the key elements to design a longer-term strategy that extends to 2030. In particular, it lays out six strategic directions for China's future:

- Completing the transition to a market economy;
- Accelerating the pace of open innovation;
- Going "green" to transform environmental stresses into green growth as a driver for development;
- Expanding opportunities and services such as health, education and access to jobs for all people;
- Modernizing and strengthening its domestic fiscal system;
- Seeking mutually beneficial relations with the world by connecting China's structural reforms to the changing international economy.

The Beijing Olympics in 2008 gave the world a closer look to the Chinese society. China had become one of the most powerful sporting nation, and was also returning to the core values of Confucianism. Beijing was found to be efficient - but to lack unfettered internet access, freedom of speech, concessions to human rights. The media concluded that China was hopelessly oppressive. But others (e.g. John Harms and Gerard Weatley) suggested that few understand China, and most tend to view the world through notions of Western superiority. There is no concept of what China has been over its long history. Harms' views are informed by Dr Gao Jia (Melbourne University) who sensed the revival of Confucianism in the 1990s. The Olympics opening ceremony featured the artistic expression of children painting (symbolic of the Confucian tradition). President Hu Jiantoa had sanctioned the return to Confucianism, and Zhang Yimou, ceremonial master of "One World One Dream" would have required Hu's approval. Western journalists often did not understand the subtlety. Confucianism brings the notion of peace / being on good terms, and proponents of this culture believe that the world has too long seen imperial dominance, and that Confucian China will rid the world of a confrontationist approach to international affairs. [5]

Economy

People's Republic of China's Nominal Gross Domestic Product (GDP) Between 1952 to 2005



With an average annual increase in GDP over the last two decades of more than 9 percent, China's economic development has been nothing short of spectacular. During the last years, over 500 million people were lifted out of poverty. China is now the world's largest exporter and manufacturer, and its second largest economy. Even if growth moderates, China is likely to become a high-income economy and the world's largest economy before 2030, notwithstanding the fact that its per capita income would still be a fraction of the average in advanced economies. [6]

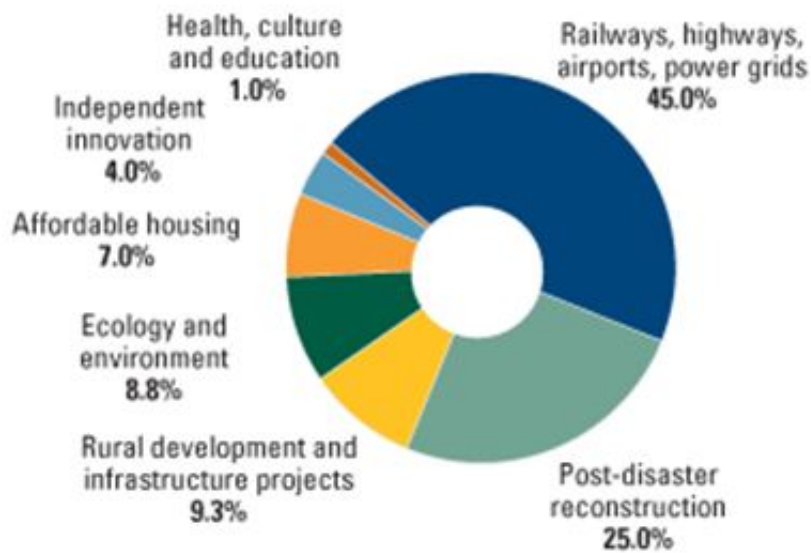
In 2008, China overtook the United States as the world's largest saver. As we see a definitive shift of economic power toward the East and the South, emerging markets' share of financial assets is projected to almost double by 2020. This means that Asia / China will have the biggest capital reserves in the world. This Asian / Chinese capital would be able to finance development elsewhere or meet the needs for borrowing by heavily indebted governments elsewhere, increasing China's influence over the Western World. [7]

Recent slowing in the GDP growth rate however has spurred many questions about the sustainability of Chinese rapid economic progress. Regarding this question, the World Bank seems optimistic, as it has raised its growth forecast for China, saying stimulus measures and approval of infrastructure projects will help boost growth. It added that the pick-up in factory output and investment "suggested that China's economy was bottoming out". The bank said it now expects China's economy to grow by 8.4% in 2013, up from its earlier projection of 8.1%. [8] The slowdown in China's growth has prompted policymakers to announce various stimulus measures. These include two interest rate cuts since June 2012, and the approval of infrastructure projects worth more than \$150bn. China's central bank, the People's Bank of China, has also lowered the amount of money that banks need to keep in reserve three times in the past few months in an attempt to boost lending. "The impact of easing credit conditions and public investment in infrastructure is beginning to show," the bank said in its report. "The

impact is expected to continue to be felt into 2013, as the authorities have accelerated the approval of large projects." [8]

Infrastructure

Breakdown of China's \$580 Billion Stimulus Package



Source: NDRC

Infrastructure can be owned and managed by governments or by private companies, such as sole public utility or railway companies. Generally, most roads, major ports and airports, water distribution systems and sewage networks are publicly owned, whereas most energy and telecommunications networks are privately owned. Government owned and operated infrastructure may be developed and operated in the private sector or in public-private partnerships, in addition to in the public sector. In the United States, public spending on infrastructure has varied between 2.3% and 3.6% of GDP since 1950. In China, infrastructure spending accounts for most of the Stimulus Package designed for sustaining current growth rates.

China recently approved an estimated \$156 billion in new subways, highways and other infrastructure projects in recent days, giving markets a boost even as economists are increasingly fretting that the country is behind the curve in responding to the economic slowdown. The spending plans send a signal that the Chinese government has belatedly heeded risks from a slowing economy and has become increasingly open to stimulus, economists said. President Hu Jintao addressed the need to upgrade infrastructure to promote stable growth

and recovery and warned that the "underlying impact of the financial crisis is far from over." Speaking at the Asia-Pacific Economic Cooperation meeting in Vladivostok, Russia, Mr. Hu said the Chinese economy faces "notable downward pressure." China's economic planning agency, the National Development and Reform Commission, posted approvals on its website for 25 subway projects, 13 road construction projects, five port projects and two waterway projects. The approved projects include plans such as 150 miles of subway tracks and 138 subway stations in the eastern city of Xiamen, and a 190-mile four-lane highway in the northwestern province of Xinjiang. Investment-bank economists earlier this year widely expected the economy to bottom out in the first or second quarter, but many now see the slowdown persisting through the end of the year. [9]

Space Exploration

A known-to-be very effective way for nations to earn the respect of the global community and to inspire is to further Space Exploration. By putting as much energy into its space program as in any other domains, and by doing all of this development on its own without partnering with other countries, China is proving the world that it is able to perform the hardest engineering tasks on its own. And it is moving toward its goals at a highly ambitious pace.

Started in the 1950s, the Chinese space program was rationalized in 1956 by the 12-year plan for aerospace. A temporary partnership with the USSR helped China to ramp up, but later disagreements during the post-sovietic era led China to sever its dependency on Russia and continue on its own. First putting a strong accent on military improvement, the country tested its first successful intercontinental in 1965, and then went on to launch its first successful satellite, Mao 1, in 1970. The commercial launch programs allowing Chinese companies to launch their own satellites was opened in 1985.

More recent achievements started with Yang Liwei (杨利伟) being the first Chinese man in space during a 21 hours stay in 2003. Further efforts led China to send exploration satellites around the Moon in 2007, and to build its very own orbital station Tiangong (天宫) which is due for completion in 2020. The first test module Tiangong 1 was successfully placed in orbit in 2011, it was then used to perform a docking manoeuvre, and 2013 should see the orbiting of the space lab Tiangong 2.

Even Mars is not forgotten. The Chinese space program plans to send observational spacecrafts in orbit around the red planet as soon as 2014, and then to bring landers and rovers to its surface to gradually pave the way to human Mars exploration as a goal for 2025 on the Moon, and 2040 on Mars. The latter would be a highly inspirational feat never achieved before by any country. Only the future will tell if China will be the first nation to set foot on this remote planet.

It is important to notice that all this is happening very fast, even compared to the development timeline of top space-faring nations like the United States. If China is able to hold current pace and respect all set deadlines, it is set to become an impressive space-capable nation, and will surely steal at least some of the excellency aura from the United States. As the latter is severely cutting back spending on its space program, NASA is bound to cede some of its technical advance to the space program of the all-in spending China.

Conclusion

Prior to the Great Financial Crisis of 2008, some observers had suggested, in effect, that China's rapid development would lead it to a position of global dominance in the reasonably near future. In the face of severe difficulties facing both Europe and the USA as a consequence of the financial crisis, one observer speculated in 2010 that those difficulties marked the end of 500 years of Western global predominance.

This means that if China is able to remain on course with reforms and objectives for the short, medium, and long term, ensuring smooth implementation, it will probably reach desired outcomes. A successful outcome will require strong leadership and commitment, steady implementation with a determined will, coordination across ministries and agencies, and sensitive yet effective management of a consultation process that will ensure public support and participation in the design, implementation, and oversight of the reform process. And since the global economy is entering a dangerous phase and China itself will be transitioning from middle-income to high-income status, the government will need to respond to a variety of risks, shocks, and vulnerabilities as they arise; in doing so, it must hold fast to the principle that policy responses to short-term problems should uphold, not undermine, long-term reform priorities.

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