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THE RISE OF CHINA IN THE XXIST CENTURY: DOMESTIC AND GLOBAL LEVELS

Abstract. China's spectacular rise from the "sick man" of Asia to an economic, political and strategic power challenging the present world order and giving an alternative which is economically, politically and ethically superior to the present order. China's soft power enriched by the teachings of Confucius, Lao Tzu, Sun Yatsen and Buddha. Their teachings and philosophy and the homegrown economic, political, cultural and governance reforms helped in the economic, cultural, political and strategic transformation of China. China continued with a Centrally Planned economy during 1949 to 1979, but free market reforms were introduced under the leadership of statesman Deng Xiaoping and followed by President Xi Jinping. As a result, China's economy grew at the rate of almost 10 % per annum for three decades, increasing China's share in global GDP to 18.48 % in 2023. China was able to lift almost a billion people out of poverty in the shortest period of time. The Belt and Road Initiative (BRI) involving more than 140 countries will add 4 trillion USD to the GDP of member countries through investment in roads, motorways, railways, energy, ports, agriculture, industry, trade, finance, banking, education, health, poverty alleviation, environment, water development projects, etc. This will change the present world order which brings prosperity in rich countries through death and destruction in the developing world. The BRI, on the other hand, will increase wealth and bring prosperity both to the investing and the host country. That is why the BRI is truly a win-win model.

Keywords: China, BRI, CPEC, Reforms, Liberalization, New World Order, Deng Xiaoping, Xi Jinping.

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III. Узарат

Подъем Китая в XXI веке: внутренний и глобальный уровни

Аннотация. Впечатляющий подъем Китая от состояния азиатского «страдальца» до [глобальной — прим. пер.] экономической, политической и стратегической державы, бросающей вызов нынешнему мировому порядку и предлагающей альтернативу, которая экономически, политически и этически превосходит нынешний порядок. Мягкая сила Китая обогащена наследием Конфуция, Лао Цзы, Сунь Ятсена и Будды. Их учения и философия, а также позже разработанные на китайской почве экономические, политические, культурные и управленческие реформы помогли в экономической, культурной, политической и стратегической трансформации Китая.

В Китае с 1949 по 1979 г. сохранялась централизованная плановая экономика, но под руководством государственного деятеля Дэн Сяопина в стране были проведены рыночные реформы, продолженные Председателем Си Цзиньпином. В результате экономика Китая росла почти на 10 % в год в течение трех десятилетий, что в 2023 г. привело к увеличению доли Китая в мировом ВВП до 18,48 %. Китаю удалось в кратчайшие сроки вывести из бедности почти миллиард человек.

Инициатива «Пояс и путь» (ИПП), в которой участвуют более 140 стран, пополнит на 4 трлн долл. ВВП ее стран-членов за счет капиталовложений в дороги, автомагистрали, железнодорожные пути, энергетику, порты, сельское хозяйство, промышленность, торговлю, финансы, банковское дело, образование, здравоохранение, борьбу с бедностью, охрану экологии, проекты развития водных ресурсов и т. д. Это изменит нынешний мировой порядок, который приносит процветание богатым странам ценой смерти и разрушений в развивающемся мире. ИПП увеличит благосостояние и принесет процветание как инвестору, так и принимающим сторонам. Вот почему ИПП — это действительно беспроеигрышная модель [сотрудничества].

Ключевые слова: Китай, ИПП, КПЭК, реформы, либерализация, новый мировой порядок, Дэн Сяопин, Си Цзиньпин.

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China's spectacular rise during the last three decades has taken the world by storm. And its plans "to dominate advanced technology manufacturing by 2025, to lead standard setting by 2035, and to become a global super power by 2050" is causing a lot of apprehension [Hillman, 2021]. At the same time, it is a source of encouragement to Third World countries that are presently going through what China had to go through in the past on account of being exploited by western colonial and imperial powers. In this paper I will discuss the economic, cultural and governance reforms in Section 1. This is followed by Section 2 where I discuss the impact of these reforms on the Chinese economy. In Section III I discuss China's role at the global level and conclude the paper in Section 4.

1. Economic, Financial and Governance Reforms

In the eighteenth century China encountered western powers who were on a "mission of loot, plunder, conversion and exploitation" [Javed, 2021]. The 'gunboat diplomacy' was used during the Qing dynasty. During 1840 to 1860 the Opium Wars imposed by Britain and France were followed by the Eight Powers invasion of Beijing and Tianjin in 1901. This resulted in imposition of unfair territorial and trade concessions on China. And was followed by the occupation of northern Chinese provinces by Japan and western powers, who consolidated their hold on Shanghai, Tianjin, Dalian, Qingdao and Canton. The loot and plunder by occupation forces can be gauged from the decline in Chinese economy's contribution to world GDP from 30 % at the end of the eighteenth century to a mere 4 % in 1950 [Javed, 2021].

The Chinese intellectuals and peasants established the Chinese Communist Party in Shanghai in 1921. But the civil wars between the nationalists and the communists continued until October 1949 when Chairman Mao Zedong proclaimed the Peoples Republic of China. In 1949 China

embarked upon development using the Marxist-Leninist centrally planned policies, with the state controlling factors of production, consumption and distribution. These led to collectivized agriculture, nationalized industry, state ownership of land and leadership vested in the proletariat and the Communist Party. All the gold, silver and foreign exchange reserves had been shifted to Taiwan by Chiang Kaishek forces. “In 1949 China was a devastated country, treasury was empty, infrastructure destroyed, businesses uprooted, millions displaced, poverty rampant, production supply chains broken, primitive agriculture, rudimentary manufacturing and an under developed economy making China the largest poor country in the world” [Javed, 2021].

After the end of WWII, the allied powers met to establish a “rules based order” leading to the establishment of the Bretton Woods Institutions, i.e. The International Bank for Reconstruction and Development (IBRD), the International Monetary Fund (IMF) and the International Finance Corporation (IFC). The Bretton Woods Institutions did not deliver development to poor countries and their hopes and aspirations to do the same resulted in decline in growth rates, unemployment, increase in inequalities, poverty and indebtedness. Globalization which was the brain child of western countries who were hoping to emerge victorious from it, but were unpleasantly surprised when the Chinese emerged victorious. “The west will never accept an ‘Asian Century.’ They would like to stop it even if it needs to fight a war — a thermonuclear war leading to ‘nuclear winter’ and end of human civilization” [Javed, 2021].

Many Confucian qualities of leadership have led to the establishment of an honest, competent and efficient Government in China. Other countries could also use these Confucian principles to help improve the quality of leadership in their countries, where there is still cult following and the leadership is corrupt. The reason the Chinese leadership is honest and promotes the interests of the Chinese state is because the Chinese attach importance to substance instead of charisma. This has a tremendous impact on the quality of civil servants and governance. Confucian rules of governance recognize that a country cannot have good governance without talented people. It states that “Good governance can be achieved by eradicating hypocrisy, bribery, luxury and disobedience.”

The Government reformed civil service through cutting down the size of bureaucracy, reducing red tape, providing perks, privileges, promotions, penalties and punishments. While the size of the civil bureaucracy was reduced four times, their salaries and benefits were increased four times. Thus China was able to transform its very large and inefficient bureaucracy into a

lean and productive force, which was able to play its role in the reconstruction and development of the country. The legal and judicial system was also revamped with 90 % cases decided at the middle and lower levels, thus relieving the higher levels from unnecessary burden. Meritocracy became the basis of selection to public offices and China was able to reduce the size of bureaucracy from 16 million in 1978 to 4 million in 2010 and only 6 million in 2020. As China moved from 'Perpetual Revolution' to 'Perpetual Reform' the population was advised to move from 'aspiring soldiers' to 'aspiring entrepreneurs'.

In addition to Confucius the rich cultural heritage of the Chinese society also draws from the teachings of other great philosophers like Tzu, Lao, Sun Yatsen, Buddha, Mao Zedong and Deng Xiaoping. These teachings have affected Chinese culture through inculcating a sense of contentment, discipline, punctuality, diligence and perseverance. A very interesting and unique feature of the Chinese culture is that even during the sixth to the fifteenth centuries when the Chinese nation was militarily very powerful under the Tang, Yuan and Ming dynasties, the Chinese never invaded other countries or colonized them. In-fact during the 8000 years of recorded Chinese history, China has never colonized other countries or exploited them. This brings their culture in sharp contrast with the western culture which thrives on loot and plunder, using brute force to subjugate people who do not have the same military might to defend themselves. And the Indian and Israeli psyche of conquering other people, forcibly removing them from their homes and lands and settling their own citizens on alien lands and homes.

On the political side the focus was on establishing the rule of law, freedom, basic individual rights and mobilization of overseas Chinese. The Government provided incentives to bureaucrats to promote economic investments and growth setting into motion virtuous cycles with high investments promoting growth and high growth promoting investments. The Chinese Government invested heavily in higher education, science and technology by sending a large number of students to western Europe, Japan, Canada, US and Australia from the 1980s onwards. China increased its R&D investments at the average rate of 19.5 % between 2003 to 2013, way ahead of the US. In renewable energy China made 300,000 patent applications as of 2020, compared to 150,000 by the US and 75000 each by Germany and Japan. The Government promoted science and technology through establishing more than 400 science and technology parks in 2020 in China compared to 150 in the US, 15 in India and one in Pakistan. China has the largest bullet train network of 25000 kilometers and has 300 satellites in orbit. In the defense arena the People's Liberation Army established its companies

for exporting and importing products and services including construction, infrastructure, roads, bridges, railways and port development. Some of these companies became very successful, for example *Norinco*, *Poly Technologies*, *Great Wall*, *Avic*, *Catic*, etc. This is how China was able to earn the much needed foreign exchange needed for modernization and development.

Economic Performance

During the period 1949 to 1979 China continued with a Centrally Planned Economy. But with the advent of liberalism in the late 1970s, the Government introduced economic reforms and an Open Door Policy. The architect of this revolution was Chinese statesman Deng Xiaoping, who gave hope to the Chinese people. He achieved this through building US, European and Japanese stakes in the Chinese economy through technology transfer and market access. The economic and technological revolution in China ushered under Deng Xiaoping was based on reforms, modernization and open door policy and the rich Confucian philosophy of ‘sharing and caring’. Economic reforms based on the free market principles introduced in 1979 were carried out in two stages. In the first stage from the late 1970s and early 1980s the government emphasized de-collectivization of agriculture, opening the economy to foreign investment and encouraging entrepreneurs to start businesses. Most industries, however, were still under state control. The second stage from the late 1980s privatization, lifting of price controls, protection and regulations, while state monopolies in banking and petroleum remained.

The most important thing to bear in mind is that these structural reforms were not foreign driven, but home grown based on comparative advantage, creation of industrial parks and special economic zones. Since the beginning of reforms China’s GDP increased tenfold, and 40 % of this was attributable to Total Factor Productivity (TFP). Major sources of growth in China are on account of increase in grain production, industrial growth, high speed railway construction and 5G technologies, creating additional 11.86 million new jobs. China has the world’s largest online market with a turnover of 1.5 trillion USD and the world’s largest film market with box office turnover at 8 billion USD. China is the world’s largest renewable energy producer and has the world’s largest electric automobile market with more than a million cars, which is 60 % of the world share [Javed, 2021].

Per capita incomes grew by 6.6 % per year, average wages increased six fold between 1978 to 2005 and absolute poverty declined from 41 % to 5 % of the population between 1978 to 2001 with only 30 million people living below the poverty line in 2018. Javed [2020] states that this was mainly on

account of Deng Xiaoping's philosophy of wealth creation as against the policy of poverty redistribution in the 1949–79 era. The lifting of millions of people out of poverty was on account of the 'Four Point Modernization' program starting with agriculture, industry, science and technology and defense, which emphasized agricultural development and rural industrialization. The farmers had to pay a quota to the state and sell the rest at market prices, increasing agricultural production and raising the living standards of millions of farmers. Agriculture Household Responsibility System allowed the farmers to grow crops, vegetables and flowers and sell them in the free market after contributing to the government quota. This resulted in releasing surplus labour which was absorbed in Township Village Enterprises, making small scale consumer and light industrial products initially for the home market and eventually for the export market. The priority of Chinese leadership that followed Deng also made sure "the country is rich, strong and successful, and that has meant focusing on the economy. Elite leaders from 1978 onwards have all stated their number one priority is economic" [Brown, 2017].

In more recent times under the dynamic leadership of President Xi Jinping China has made great strides in different spheres as a result of pragmatic policies. This has elevated China's stature at the global level, earning the envy of rich and powerful countries. Chinese economy grew at almost 10 % per year for nearly three decades, lifting nearly a billion people out of poverty in the shortest period of time. Chinese GDP at US\$ 15.4 trillion in 2020 was about 17 % of global GDP, increasing to 18.48 % in 2023. Unlike western economies where growth comes from permanent arms [Kidron, 1967] and permanent war economy [Sard, 1944], in China growth and prosperity is on account of 'forever reforms, forever innovation, forever development' leading to the establishment of 'forever peace' and 'forever prosperity' [Javed, 2021].

2. China at the Global Level

Belt and Road initiative (BRI) was inaugurated by President Xi Jinping in 2013 during state visits to Kazakhstan and Indonesia. BRI involving almost 140 countries will add 4 trillion USD to the GDP of member countries. The major objectives behind the BRI are: "to construct a unified large market and make full use of both international and domestic markets, through cultural exchange and integration, to enhance mutual understanding

and trust of member nations, resulting in an innovative pattern of capital inflows, talent pools, and technology database.”¹

BRI projects entail investment in roads, motorways, railways, energy, ports, agriculture, industry, trade, SEZs, finance, banking, education, health, poverty alleviation, environment, forestry, water resource development, etc. The project tries to fill the “infrastructure gap” for increasing economic growth in Asia, Africa, Central and Eastern Europe and Asia-Pacific. The BRI builds on old trade routes that connected China to the west, Marco Polo and Ibn Battuta routes in the north, Ming Dynasty and Zheng He routes. At present the BRI includes the entire geographical area of the historic Silk Road trade routes [Wizarat, 2021, p. 143].

When present International Economic Order formulated by Europe and the US is compared with the Belt and Road Initiative (BRI), we find that the present world order is based on creation of conflicts resulting in increasing the demand for armaments, increasing GDP in rich armament producing countries, but causing decline in economic activity, flight of capital, instability, death and destruction in the developing world. What is the gain of one is the loss of the other. The present order ensures that the status quo is maintained and corroborates Gunder Frank's [2023] theory that rich countries develop by under developing the rest of the world. It also corroborates Marxist theory that death and destruction in the developing countries brings prosperity to rich countries. And this explains the strong reaction of the west and India to the BRI. The BRI is bestowing a more ethical, harmonious and peaceful World Order. It is increasing global wealth without inflicting casualties in the poor countries in order to bring prosperity to rich countries. That is why it is called a win-win model. China Pakistan Economic Corridor (CPEC) which is BRI's 'flagship' project is divided into three phases. Phase one emphasized infrastructure and energy development projects. In Phase two the emphasis is on industrial development and creation of Special Economic Zones (SEZ). While Phase three will complete Railways Mainline-1 and also operationalize the SEZs [Wizarat, Talat, 2023]. Even before CPEC started China had invested in hydro-electric dams, coal fired power projects, civil nuclear projects, etc. [Small, 2015] and [Wizarat, 2022].

China and Muslims had harmonious relations apart from minor clashes during the Qing dynasty. It is interesting to note that the Tang dynasty and the Muslims started reconciliation as early as 751 AD at Talas near Samar-

¹ Belt and Road Initiative, *This Day (Lagos)*. URL: <https://www.thisdaylive.com/index.php/2019/01/20/chinas-belt-and-road-initiative-bri-and-nigerias-memorandum-of-understanding-on-the-bri/> (accessed: 05, May, 2023).

kand. Muslims always enjoyed great respect during the Tang, Song, Yuan, Ming and Qing dynasties. In-fact Muslims in North West China became the strongest allies of the Red Army after the Long March reached Shaanxi province in 1934. The Red Army also showed sensitivity to religious and cultural practices of the local Muslim population in Shaanxi, Ningxia, Gansu and Qinghai. China's development experience gives a lot of hope to similarly placed developing countries like Pakistan where the problems are very similar to what they were like in China in the past. Pakistan and other developing countries have a lot to learn from the Chinese development model.

4. Conclusion

The fantastic transformation of China from the “sick man of Asia” to a formidable economic, technological and political power is not less than a miracle. This spectacular performance is attributed to hard work, homegrown reforms, good governance and great leadership in the form of Chairman Mao, Deng Xiaoping, President Xi Jinping and others who should be a role model for the developing world. The most important aspect of this transformation is that China did not try to bring prosperity to its people by snatching prosperity from others. And that China's behavior over the 8000 years of recorded history has been consistent. Even during the Tang, Yuan and Ming dynasties China did not try to subjugate weaker nations and occupy them. China is thus a role model for the rich western countries, India and Israel as well who have been using brute force to occupy alien lands and resources.

The same difference comes out when the present world order given by the west is compared with the New World Order inherent in the BRI. The present World Order given by the colonial powers when they reluctantly decolonized in the aftermath of the Second World War brings prosperity to rich countries by inflicting death and destruction in the rest of the world. Whereas, the BRI brings prosperity to both the host and the investing countries through infrastructural development. It truly is a win-win model. This is why there is so much opposition to it in the west and its surrogates like India.

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