

# CHINESE ECONOMY: FOUR ASPECTS OF CHINA\*

*A three-part lecture given  
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This is the first part of the lecture by  
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## ABSTRACT

This lecture focuses on four aspects of China: culture, economy, foreign policy, and relations with neighbors. First, China's civilization gives emphasis on harmony and peace. Second, China's robust economic growth since 1978, has led to China's resurgence. However, many challenges remain, including the fact that one-tenth of its 1.3 billion people still survive on less than US\$1 a day. Third, China's foreign policy seeks a stable international environment for its development and pursues military build-up as a defensive policy. Lastly, China's relations with its neighbors are based on its membership with the Asian family, respect for ASEAN as driver of dialogue, and opposition to the idea of regional affairs being managed or dominated by big powers.

**Keywords:** *China's culture, China's economy, China's foreign policy, China's relations*

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Faculty and students,

I am very pleased to see so many young faces today. It reminds me of the wonderful time of my own college years. First of all, congratulations on the 25<sup>th</sup> anniversary of the Chinese Studies Program. I have sincere appreciation for your vision and efforts in the enhancement of understanding between people of China and the Philippines.

Over the past 30 plus years of rapid economic growth, China has earned a number of titles, including being “the world’s fastest emerging power,” “the world’s second largest economy,” and “the world’s factory.” Some Western scholars even assert that the rise of China will be the greatest drama in the 21<sup>st</sup> century.

But while “turning eyes on China” has become an international phenomenon, “understanding China” is by no means easy. After 10 months in the Philippines, I came to realize that we should do more to promote the mutual understanding and mutual trust between the Chinese and the Filipino people. In furtherance of this objective, today, I take this opportunity to give you a panoramic view of China from four aspects: its culture, its economy, its interactions with the rest of the world, and its relations with its neighbors.

### China is a country with a splendid civilization

As we all know, there are five major civilizations in the history of mankind. Due to natural causes, foreign invasion, or internal turmoil, some of these withered away; others were destroyed or

became assimilated with other civilizations. Only the Chinese civilization survived many vicissitudes and remained intact. China's long civilization of 5000 years is a source of pride for every Chinese.

The Chinese are also proud of their inventions and discoveries. The most famous of these are the Four Great Inventions of mankind, papermaking, printing technology, gunpowder, and the compass.

A further source of Chinese pride is traditional Chinese culture, which offers many precious philosophies, values, and ideas. The supreme value in Chinese culture is harmony. The ancient Chinese cherished a worldview of "unity without uniformity" and of "harmony between man and nature." For the Chinese, "harmony is invaluable." This belief called for the fostering of harmonious familyhood, neighborhood harmony, and sound interpersonal relationships.

This value exists in the thinking and ways of the Chinese, from the past until the present.

As a nation, China showed no interest in expanding and colonizing other lands, but had endeavored to maintain peaceful relationships with its neighbors. The first emperor of the Qin Dynasty commanded the building of the Great Wall some 2000 years ago for defensive purposes. The Tang Dynasty opened up the Silk Road approximately 1000 years ago only to sell silk, tea, and porcelain to other parts of the world. Some 600 years ago, Zheng He, a famous navigator of the Ming Dynasty, led seven voyages to more than 30 countries, including some Southeast Asian countries. He brought with him not only Chinese culture and technology, but also a message of peace and friendship, without colonizing a single parcel of land.

But these are only a few examples, testifying to the Chinese' pursuit of peaceful interactions with its neighbors.

From the period of 1840, at the time of the Opium War, until the founding of the People's Republic in 1949, China suffered six major foreign aggressions and was suffered to endure 343 unequal treaties. What was once a glorious empire fell into a status of semi-colonial and semi-feudal society where misery and suffering abounded. But China succeeded in making her way to where she proudly stands today. The long sufferings have only made her a nation of fortitude and perseverance.

The Chinese culture has a strong appeal and cohesiveness in the renewal of the nation. Many traditional virtues have been taught from generation to generation, foremost of which is patriotism. Thus, "everybody is responsible for the rise or fall of the country." There is also the edict of "don't do unto others what you don't want others to do unto you." The community, hard work, and fortitude and perseverance also play important roles in the Chinese psyche.

Today's China inherits the fine tradition of Chinese culture and adds to it new dimensions of the times.

### **China is a country with robust economic growth**

The new era in China's nation building dawned after the People's Republic was founded in 1949, especially after China opened its doors in 1978.

From 1978 to 2011, China's gross domestic product (GDP) grew at an average annual rate of 9.9%. China's economy leads the world in the output of about 220 out of over 500 major industrial products. Its total export and import volumes surged from \$20.6

billion to \$3.63 trillion in 2011, rising to the second place in the world from being ranked 29<sup>th</sup> in 1978.

The primary reason behind China's reform and opening up was its people, to meet their growing needs. With this reform, China was able to uplift the welfare of more than 200 million people out of poverty, a remarkable success recognized and appreciated by the whole world. In the past 10 years, per capita GDP grew from some \$1000 to \$5432. Fees and taxes previously assessed of farmers and tuition fees at schools have all been abolished. Government-subsidized health insurance and pension systems now cover more than 95% of all Chinese, including those living in the countryside. A poll conducted in 2010 by American research center, PEW, reveals that 91% of Chinese was satisfied with the government's economic policy.

The development and growth of China not only benefits the country itself but also the world at large.

Since its entry into the World Trade Organization in 2001, China has had annual importations of goods worth \$750 billion, creating over 14 million jobs for different countries and regions. Over the past decade, foreign-funded companies in China have remitted total profits of \$261.7 billion, with an annual increase of 30%. From 2000 to 2010, China's annual non-financial direct overseas investment grew from less than \$1 billion to \$59 billion, thus helping boost the development of recipient countries.

But more than these figures, what impressed the world most was that China's economy was among the first to achieve a V-shape rebound in the wake of the global financial crisis, which was helpful for the global recovery. Statistics from the leading investment bank, Goldman Sachs, show China's accumulative contribution to the global economy exceeded 20% from 2000 to 2009, higher than that of the United States.

Notwithstanding these achievements, the Chinese also recognize their weaknesses and the challenges they face as a people.

China has to feed 20% of the world's population with 7.9% of the world's farmland and 6.5% of the world's fresh water. Of a population of 1.3 billion, one-tenth is still living on less than one dollar a day, the poverty line set by United Nations. More than 10 million of its people have no access to electricity. China's per capita GDP, though its improvement is impressive, ranks around 90<sup>th</sup> in the world. With six million college graduate students, the government has to create jobs for nine million of its people annually. Health care, pension, education, and housing all pose big challenges for the government. China will remain a developing country for a long time to come. Promoting development and improving its people's livelihood are the constant top priorities for China.

To date, the 18<sup>th</sup> Party Congress has set new targets for the country's building. One goal is to attain the goal of building a moderately prosperous society in all respects by 2020; another is to double GDP and per capita income for the whole population by 2020.

### **China is a responsible country with a foreign policy of independence and peace**

The starting point and foothold of China's foreign policy is to create a stable and favorable international environment for its development and to maintain world peace, with a view to propelling common development.

As a responsible member of the international community, China consistently maintains that disputes be settled through dialogue and negotiation, and firmly upholds the purposes and

principles of the United Nations' charter and basic norms governing international relations.

China has taken an active part in the joint response to global issues such as energy, food, climate change, terrorism, and financial crisis as well as the settlement of regional hotspot issues such as the Korean and Iranian nuclear issues, the Palestine-Israel conflict, and the Darfur issue in Sudan.

China actively supports international efforts to alleviate poverty and achieve the UN's Millennium Development Goals. China has cancelled \$5 billion debts of 50 heavily-indebted poor and least developed countries. To help tide over the financial crises, China has provided \$10 billion of preferential loans to African countries, \$15 billion of credit aid to ASEAN countries, \$45 billion to the International Monetary Fund.

Still, there are people who argue that with its dramatic rise, China is bound to become aggressive. However, today's globalized and interconnected world is totally different from that of the distant past. The trend of our times is peace, development, and cooperation. China's thrust of peaceful development is a policy compatible with the times. By engaging in peaceful and mutually beneficial cooperation as a fundamental way to realize its modernization, China has proved itself as an exception to the traditional pattern, where a rising power sought hegemony. China's history itself teaches that it is correct to embark on peaceful development, and there is no reason whatsoever for China to deviate from this path.

There are also allegations that China is flexing its muscle with military build-up. Like any country in the world, China has legitimate rights and core security interests to protect. While promoting peaceful development and declaring that China opposes



hegemonism and power politics in all forms and will never seek hegemony or engage in expansion, the Party Congress also stated that China is firm in its resolve to uphold China's sovereignty, security, and development interests.

China is committed to pursuing a policy which is defensive in nature. This is deeply rooted in Chinese culture. The most magnificent and largest defense project in ancient China – the Great Wall – is a manifestation of the strategic defense thinking of the Chinese nation.

China has a vast land and sea area, with a borderline of over 22,000 kilometers and a coastline of over 18,000 kilometers. The country faces multiple traditional and non-traditional security challenges, and threats of separatists and terrorism. It is, therefore, necessary and justified to modernize China's defense capability. Building a strong national defense is commensurate with China's international standing and meets the needs of its security and development. As mentioned, however, China will not engage in arms race with any nation, and it does not pose a military threat to any nation.

### China is your close neighbor

China is a member of the ASEAN family. As such, its development and security is closely linked with the region. Its own growth has contributed to regional security and prosperity. The intertwined relationship between China and Asian countries, ASEAN countries in particular, has determined that to secure an amicable, tranquil, and prosperous neighborhood is not only a necessity, but above all, a blessing for China and for all the countries involved.



China's intention vis-à-vis Southeast Asia is transparent.

Security-wise, China never aspires to be THE power in the region. Economically, China has never tried to succeed alone. On regional affairs, China has never coveted dominance. Rather, China welcomes constructive contribution from all parties. In the meantime, China hopes that its legitimate rights and interests are fully respected.

What China seeks in the region is mutual trust, common security, and common development. It cherishes strong bonds and places great importance to a strategic partnership with ASEAN countries. China also respects the role of the ASEAN as a "driver" in East Asia cooperation.

During the recent East Asia Summits in Phnom Penh, Premier Wen Jiabao of China emphasized that the country was willing to increase dialogue and enhance cooperation with ASEAN members in security and strategic fields. China supports the ASEAN's bid to seek strength in unity. It opposes not only hegemony and power politics, but also the idea of regional affairs being managed or dominated by big powers. Premier Wen, thus, asked the ASEAN partners to fend off all kinds of disturbances and push forward the integration process in a comprehensive manner, in a bid to promote long-term, high-quality development of East Asia.

As regards China-Philippine relations, it is characterized by a generous legacy of a thousand years of amicable exchanges. These exchanges can be traced back to as early as the 7<sup>th</sup> century Tang Dynasty, with archeological findings as proof. For well over 1000 years, amicable interactions between the two cultures have continued without interruption. This is quite unique in the history of exchanges between different nations.

Here, I would like to share with you a story of "stone," which was told to me by a local Filipino guide when I visited the famous Intramuros. He told me that the Chinese had been doing business with the Filipinos here since centuries ago. They shipped silk, tea, and ceramics from China using heavy stones at the bottom of the boats for ballasts. As they sailed back to China, the stones were left behind. "Many a little makes a mickle." Eventually those became the foundation stones of the roads and homes of the locals. Year after year, these stones were laid on each other, later to be known as "Piedra de China," or paving stones of China. My guide said with emotion, "Over the centuries, the Chinese people have come here only for trade and friendship. They are our friends indeed."

Ever since the establishment of formal diplomatic relations 37 years ago, exchanges and cooperation have been intensified and expanded to all walks of life, resulting in tangible benefits to the two countries and its people.

Trade between the two nations has grown steadily, hitting a historic high of \$32.2 billion last year. In the first 10 months of 2012, bilateral trade volume has already reached \$30 billion, an increase of 15% year on year. The Philippines' exports to Chinese mainland and Hong Kong SAR amounts to one-fifth of the country's total, making China the Philippines' biggest export market. The number of Chinese mainland tourists traveling to the Philippines has surpassed 151,000 in the first half of 2012, up by 43%. For the first time, China dispatched an investment commissioner stationed at the Philippine Board of Investments last April to promote Chinese investment in the Philippines.

Dynamic exchanges in the fields of culture, education, and sports have also been witnessed. The launching of the "Years of China-Philippine Friendly Exchanges 2012-2013" has furthered

bilateral interactions. More than 30 mainstream Philippine secondary schools have included Chinese language in their optional curriculum. Three Confucius Institutes provide ready access for the Philippine people to know about China. Interactions between institutions of higher education are also active.

During President Aquino's official visit to China last year, the two sides reached broad consensus on further strengthening China-Philippines friendship and cooperation in various fields, pointing out the direction for the future development of bilateral relations. Clearly, China is ready to work with its Philippine counterpart, for earnest and realistic efforts to promote mutual cooperation and implementation of the consensus in an early realization of the development goals set by leaders of the two countries.

Finally, I would like to conclude my speech with a quotation by the late great leader Mao Tse-dong: "The world is yours as well as ours, but in the last analysis, it is yours. You young people, full of vigor and vitality, are in the bloom of life, like the sun at eight or nine in the morning. Our hope is placed on you." The future of China-Philippines friendship is on you; it is my hope that each and every one present here today can make your contribution to a better future of our relations!

**About the speaker:** Prior to her assignment to the Philippines, Ambassador Ma worked closely with the European Union. She has served as Counselor of the Republic of Finland in 1996-2000; Counselor of the West European department in 2000-2001, Deputy Director General of the West European department in 2001-2004, Deputy Director General of the European department in 2004-2006, Ambassador Extraordinary and Plenipotentiary to the Republic of Finland in 2006-2009 and Executive Deputy Secretary, Chinese Communist Party Committee of the Ministry of Foreign Affairs in 2009-2012.