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China's Economic Growth and International Standing^(*)

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One credible researcher, Nobel Prize winner Robert Fogel, estimates that China's GDP will reach US\$123 trillion by 2040, and that it will be twice the size of the GDPs of the U.S. and the E.U. combined. None of us know if the future will unfold exactly as Dr. Fogel predicts; certainly I do not. But two facts are abundantly clear: the future of global economics and trade will be quite different from its past; and second, China will be a large part of that difference.

Almost every educated person worldwide knows that China has experienced three decades of amazing economic growth. According to IMF data, the real GDP in China has increased 536% since 1990, compared with 61% for the United States. Most people also know that, while the North American and Western European economies are threatened by a debt crisis, China's economy is surging ahead. In fact, in recent days the Central Bank of China has adopted a series of policies intended to prevent that economy from overheating.

Further, China is pulling the economies of its main suppliers into more and more rapid growth, such that the world is dividing, economically, into nations that are closely integrated into China's industrial ecosystem and those that are not. China is rising, and that rise is beginning to generate a realignment in trade, economic systems, and global governance.

China's rise will be and is very different from the rise of other prominent nations. First, China's objectives are very different. China's activities abroad are mostly focused on internal benefits to the Chinese people and businesses, benefits such as improved management and technology, reduced political risks, obtaining needed resources, and creating market opportunities in regions where others choose not to venture. And China's system of growth appears in sharp contrast to that of the U.S. and its main partners, as it is driven by savings, investment, productivity gains, and domestic consumption, not by debt.

Second, China is militarily not aggressive; its foreign engagements are restricted to UN peace-keeping activities such as clearing mines, providing medical services, and providing logistical support. China provides more UN peacekeepers than the U.S., U.K. and Russia combined, in line with its strict policy of multi-lateral consensus driven participation.

Third, China believes that its objective of providing the Chinese people with an international environment that is free from the hardships, dangers, and oppression of the past can only be achieved through extensive application of soft power. Economic and Military power will be used only to defend China's homes and land.

(*) The opinions expressed herein are strictly personal and do not necessarily reflect the position of ISPI.

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Fourth, China aims to be a “super partner”, not a “super power”. It is very tolerant of different peoples, systems, and cultures. It does not intend to “save the world” according to any fanatical ideology, and it does not intend to impoverish the world using virtual colonialism. On this subject it must be noted that, unmentioned in the western media, China’s national current account is nearly balanced, and that 56% of its exports are from foreign companies in China sending goods and services home.

Fifth, China will work with all other nations to reinvent the global financial and legal systems, not through power politics, but by including partners in its prosperous business ecosystem. It will seek to be fully integrated into the global structures, set an example of responsibility and beneficial government, and will provide opportunities for growth through innovation that is supported by its tremendous savings and investment abilities.

Sixth, China will never cease its dialog with the floundering “old power” nations, as their reaction to an extended period of austerity and slow growth will be perhaps the largest global risk of the next generation. How will the U.S. Deal with China’s rise? By preemptive unilateral violence or by negotiated mutual benefit?

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