A re-emerging China has a positive impact on the world and will help to improve economic growth, balance political powers, and stimulate international cultural exchange worldwide.

Introduction

Since the beginning of the twenty-first century, China started its overall rapid growth in all areas, and has brought huge effects on the world in economic, political and cultural realms.

In economy, China has brought and will keep bringing positive impact to the world by adding volumes to international trade, fostering well-educated workers, and providing technical support to poor countries. In politics, China continues to bring positive impact on the world by contributing to balance the world powers, participating in international organizations and their peacekeeping activities, and being a role model with peaceful rise attitude. In the cultural realm, China will maximize its positive impact on the world by encouraging cultural-related exchange programs and study abroad activities, supporting Chinese schools around the world and providing teaching staff, and by all kinds of means broadcasting Chinese culture.

Although overall the re-emerging China will have positive impact on the world, China’s rapid rise has provoked worldwide nervousness, partly reflected by the so-called “China Threat Theory”. The Chinese Government has held press conferences followed by a series of actions to prove that its rise is “Peaceful Rise”. In addition, China has adopted the “China’s Responsibility” concept proposed by the European Union and is working on improving its international image.

Besides the China Threat Theory which harms China’s image from the outside, China’s own vulnerabilities are obstacles for its positive impact. These vulnerabilities include the aging population and population structure, low wage issue, domestic instability, as well as negative domestic impact brought by countries that are not in favor of China. Despite above-mentioned vulnerabilities, a re-emerging China’s impact on the world is positive.

To illustrate a re-emerging China’s positive impact, this paper will provide statistics and analysis, compare China with other countries, and provide examples of China’s action that show positive impact.

China's Economic Impact on the World

China’s GDP and GDP Per Capita

China’s GDP is facing an interesting paradox: when economists talk about China’s economy from the whole country’s perspective, there is no doubt that they will say China has a big jump on economy. This is because China has already reached $11.3 trillion GDP by purchasing power parity calculation method,¹ which makes China ranked as the 3rd in the world—only after European Union and United States. However, the per capita GDP which is only $200 more than that of Belize ranks China 122nd in the world.²

In fact, China's GDP has been at the 7%-15% level from 1992 to 2011,³ and has remained between 9% and 10% for the past four years. What sits behind this prosperous growth look is a

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poor GDP per capita, and that brings China a lot of critics about wealth distribution and policies dealing with poverty. The occurrence of this paradox is due to the discrepancy between the rich and the poor, as well as the issue of large number of farmers but low-tech agricultural facilities.

In the next twenty years, China’s GDP will likely remain at the 8% to 9% level for two reasons. The first reason is the transition of production model. In the past twenty years, China's GDP has reached 14.2% twice (1992 and 2007) because the production model during this period was "high input-high output", which means the economic growth heavily depends on the large amount of raw materials, instead of high efficiency. Recent years, the Chinese Government has launched a series of policies on environmental and energy reservation, and many high-tech tools and methods have been adopted. Therefore, the production model is in transition to "low input-high output", which means efficiency driven. The second reason is that customers could make more informative and rational decision when purchase, because of the growing exposure to internet and other mess medias. Thus the part of the GDP growth brought by unreasonable expenditure due to information asymmetry will be cut down largely.

In the next twenty years, with a more stable GDP growth rate, China's GDP per capita will increase slowly even if the economic efficiency will be improved. Although China’s social mobility has increased largely, it is still low compared to western countries. As a result, the growth room for each individual to maximize the potentials is still little, and the gap between the rich and poor will have a narrowing tendency but remains big. Also, due to China's One-Child Policy, the heavy financial burden is becoming a big issue for the young generation today. People who were born between 1980 and 1990 serve the major labor force in their 20s and 30s—when is now to 2020. During this time, individual’s income will have a prominent increase due to the wage adjustment that the government has promised and has been working on, but the GDP per capita will remain low since it will be dragged down because of the raising number of dependents of each labor force.

Trends in China's Wage Structure

China’s wage structure differs from private sector to public sector, leaving the private sector staff's wage structure unclear since it is not following a certain format.

In a formal company or organization in China, in addition to meet the minimum wage requirement, employers are required to provide “five insurances and one fund" benefit package for employees. This "five insurances and one fund" refers to: endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing fund. Normally, employees are responsible for making a certain percentage of copayments for these six different items and the copayments are deducted from the wage directly. In the public sector, employees do not need to pay the out of pocket expense for endowment insurance like employees in private sector do, thus the final pension that these public sector employees get is from the current labor forces’ copayment contribution. The different treatments of the endowment insurance copayment between public sector and private sector have created a large burden for the public finance system.

From 1992 to 2007, the average real wage in urban China increased by 202%. Wages for workers with a middle school education grew by 135%, and for workers who are college-educated increased more than 240%. From 1992 to 2007, the wage discrepancy between different education levels, genders, and between urban and rural districts has enlarged. The trends in the wage structure are not likely to change unless new policies launched. The low income status of manual workers attracts a lot of foreign manufactories, which contributes to China’s GDP growth, but seriously harms these workers’ livelihood and eventually domestic stability.

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4 Also known as “class mobility", refers to the ability of individuals or groups to move upward or downward in status based on wealth, occupation, education, or some other social variable.

China’s Monetary Policy

For the past five years, China Central Bank has implemented its “prudent monetary policy” in order to promote a stable and relatively fast growth. In 2012, the central bank has twice cut the benchmark interest rates and reserve requirement ratio (RRR) to buoy slowing economic growth, which registered its lowest rate in more than three years in the second quarter of 2012. After the adjustment, the benchmark interest rate in 2012 is 51.52% more than that in 2002, and the reserve requirement ratio is 12.99% more than that in 2002. General speaking, in the past ten years, China’s monetary policy was moderate and adjustments were prompt reacting to the market and prices.

In the next twenty years, China’s monetary policy is likely to remain moderate, followed by a small fluctuation in the interest rate and reserve ratio. This is because China is aiming at keeping the stable GDP growth as well as storing treasure in the public. Since the inflation has increased dramatically in the past couple years and has seriously affected people’s livelihood, China will be more cautious making monetary adjustments to regulate the prices.

China’s International Economic Activities and Impact on International Trade
(1) China’s Foreign Trade Volume

According to CIA’s record, China’s export reached $1.904 trillion in 2011 and ranked first in the world. Looking at China’s export volume in the past five years, it’s found to have a growing trend with decline tendency at growing speed. One reason for the declining growth on the export is the currency appreciation. From 2005 to now, RMB to USD exchange rate has changed from 8:1 to 6.3:1, and that puts China’s in a relative unfavorable position in exporting, since the appreciation of RMB currency means China’s goods will be more expensive when valued by other currencies. However, the cheap labor and raw materials of China are still appealing for foreign companies, thus despite the currency appreciates, the export volume will likely remain growing for the next 10 years.

China’s major exported goods are electrical and other machinery, including data processing equipment, apparel, textiles, iron and steel, and optical and medical equipment. These goods are mainly exported to the U.S., Japan, South Korea, and Germany.

At the same time, China’s import volume remains growing trend and growing speed. In 2011, China has imported goods of 1.66 trillion. The major imported goods include electrical and other machinery, oil and mineral fuels, optical and medical equipment, metal ores, plastics, and organic chemicals. These goods are mainly imported from the U.S., Japan, South Korea, Germany, and Australia. It’s not hard to find from the statistics that China has a trade surplus.

According to the World Trade Organization’s (WTO) record, China was ranked sixth for global exports in 2001 and was ranked third in 2008. Within these eight years, China had expanded its exports by 5.2 times and its share of global export by 2.1 times.

Although China has been having a trade surplus for many years, the actual benefit that China gains from the international trade is not as big as estimated by trade volume. The current trade model is exporting raw materials and cheap labors and importing finished goods and high-tech products, leaving the most profitable areas to developed countries. However, it’s gratified to see that China is imposing policies to boost the development in high-tech and scientific realm. In addition, China is sticking to its sustainable development strategy and has accomplished self-set goals of energy reservation and green-city building. The above mentioned changes mean the import volume of oil and mineral fuels will decline and the export volume of electronic goods and more fine finished goods will increase, enables China gaining more profit from its international trade.

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8 Edited by Herbert S. Yee, China’s Rise—Threat or Opportunity? Routledge Taylor & Francis Group, 124
An existing issue: China is frequently accused for dumping

Due to the international trade surplus, China’s major exporting countries started wondering why China’s goods could always be produced at a lower price. Since the cost of these exporting goods is much lower than the cost of making them in exporting countries, these countries started accusing China for dumping.

China’s being able to make goods at low cost is due to the cheap labor and material. At the price of exporting them, producers are still making profit, and maybe even a sizable profit. In order to have cheap labor, manufacturers usually seek workers at China’s tier II or tier III cities. Currently, average minimum wage at these cities is around $1.2 per hour. However, with the evidence of low labor cost to defend itself from the dumping accusation, China then was accused for exploiting workers.

Even if China’s exporting behavior is not dumping, it generates a vicious circle and harms both China’s economic development and exporting countries’ economic development. Due to the low wage and relative high unemployment rate, Chinese manual workers do not have much power of asking for a raise. This is why many workers who work in foreign invested companies working overtime are still living in the lower social grade. By indirectly exploiting China’s workers, these foreign companies also bring threat to their own country’s economy. To avoid a vicious circle, the Chinese government’s action is extremely important, such as reevaluating people’s livelihood and considering raising the minimum wage bar.

Despite the exaggerated measurement of low wage brought by the RMB—U.S. exchange rate, China’s low wage remains a problem, and the Chinese Government needs to solve it immediately to achieve its economic goal of stable and relatively fast growth.

China’s Political Impact on the World
China’s Internal Affairs
(1) China’s Current Regime and Its Problems

In politics, parties, government, and nation are three separated concepts. In China, however, due to the special “one party rules” characteristic, most Chinese people mix these three concepts as one. Chinese Communist rules the government, and the government is the main player in public service area with low involvement of the third sector, and national decisions and effects are generally made by the government. Thus when talking about “China’s action”, most Chinese people will immediately think about the government, and the communist party.

China’s regime has a couple of features. These features in the Chinese Government’s own words are: one party rules—the Chinese Communist Party is the only ruling party in China, the people’s democratic dictatorship, socialism system, all authority belongs to people, democratic centralism, and the system of regional ethnic autonomy. The one party rules feature decides Chinese Communist Party is the only ruling party, and it rules the country with other minority parties’ participation—in fact, these parties do not have power to affect any decisions at all. The Chinese Communist Party’s ruling principle is “democratic centralism”. Democratic centralism requires communist party listens and responds to the opinion from the masses, requires minority to obey the majority, and requires subordinates to obey the high authority.

China’s administrative system is unique. In this system, State Council of the People’s Republic of China is the country’s highest administrative organ. The State Council adopts “premier responsibility” principle, which means the premier leads all State Council’s work and has the final decision authority.

Nowadays, the Chinese Government is setting up more hearings for gathering opinions before implementing policies that solve problems of people’s livelihood, and it is also outsourcing more public service to the third sector. However, many citizens feel that the communist party is still
holding too much controlling power and worry that the government will become a dictator someday. The domestic political atmosphere is getting more intense today.

Another regime problem that is getting highlighted today is the system of regional ethnic autonomy. While controlling too much has provoked citizens’ worries about turning into dictatorship, the Chinese Government nowadays is having a headache adjusting the autonomy level that regional ethnic groups should have. As the “free Tibet” voice is getting stronger internationally and Chinese Government Dalai Lama relationship is getting worse, the Chinese Government will need to come up with new policies to overcome this domestic threat.

(2) Young Leaders in the Chinese Government

The leading group of Chinese Government shows a tendency of being younger. Counting the premiers of the State Council of the People's Republic of China in an order, Ziyang Zhao became the premier at his 61, Peng Li became the premier when he was 59, Rongji Zhu became the premier when at his 70, and Jiabao Wen became the premier when he was 61. In recent years, more younger leaders has played important roles in government. In November 2012, Chunying Hua was appointed to be the spokesman for the Ministry of Foreign Affairs, and she was only 42. The growing younger trend is even more obvious in local governments. In 2012, the Hong Kong Government has appointed two Under Secretaries and five Political Assistants. Three of the Under Secretaries are 48, 34, and 39 years old, and the youngest Political Assistant is only 26.

The leader group’s trend of being younger in age is a paradox for China’s politics. On one hand, the younger generation is better educated and more international, thus they will be more revolutionary and energetic. On the other hand, this may generates the divergence between the younger and older leader groups, and might lead to the fracture among China’s political decision and the government’s leadership style.

(3) China’s Political Reform

As many scholars recognized, China’s political reforms are essentially attempts at political rationalization, not Western-style democratization, aimed at facilitating rapid economic and social development and improving the efficiency of the existing political system and people’s living standards. With high recognition of the value of the domestic stability, the Chinese Government is always intended to impose moderate and smooth transition. In fact, the Chinese approach to political reform has produced generally positive results.

In January 2011, the Guangdong Province Government has announced its local political reform plan, which refers to “Three Strikes and Two Constructions”. The three strikes are lambasting malpractices of domination of the market, striking manufacture and sale of fakes, and buffeting with commercial bribes. Two constructions refer to building a social credit system and building a market supervising system. This plan has raised high recognition and applause among citizens, and it has helped to rebuild the government’s image and ameliorate the used-to-be intense government-citizens relationship.

On November 8, 2012, the Chinese Communist Party Report Meeting was held in Beijing. In President Jintao Hu’s report, he stated that “developing and people’s democracy is necessary… expanding the socialism democracy…improving the Communist Party’s leading method and governing style…is important”. The Vice President stated that anti-corruption would be one of the most important part in China’s political reform. With the recognition of importance of

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improving democracy and anti-corruption, China’s political system will be more ready to face domestic and international destructive forces’ challenges.

China’s Foreign Affairs

(1) China’s Position and Actions in International Organizations (Taking United Nations and World Trade Organization as Examples)

As one of the five permanent members of the United Nations (UN) Security Council, China owns the power of veto, which enables China to play a critical role at global level and affects many international affairs decisions.

China’s seat in the UN was originally held by the Communist Party from Taiwan—Jieshi Jiang’s government starting from October 24, 1945. Since domestic political situation changes, Jiang’s government retreated to Taiwan and China’s Communist Party has taken over control of mainland. After that, the People’s of Republic China has taken over the UN permanent member seat since October 26, 1971. Since then, China has been more active participating in UN events, especially activities that maintaining the world’s stability and safety. In 1989, China for its first time participated in UN’s peacekeeping mission—joining the United Nations Transition Assistance Group in Namibia.

Since 1945 till now, China has used its veto power for eight times. In 2007, China has used the veto power to turn down Burma resolution, for the reason that the human rights, Aids, and drug problems in Burma were domestic issues, which did not threat international peace and security. Thus China would not be in favor of any intervene actions. In 2008, China used the veto power again to turn down the U.S. drafted resolution about sanction against Zimbabwe. In 2011 and 2012, China and Russia together used the veto power twice to vote against the Syria resolution. Although western countries have been putting pressure on the Chinese Government, China insisted to defer other countries’ domestic affairs in order to show respect to other countries’ territory and sovereignty.

Since China became one of the five permanent members in the UN Security Council, it has casually used it veto power to contribute maintaining the world security and peace. While most western countries are acting across the line trying to interfere in other countries’ domestic affairs, China has stayed sober and made rational decisions. As a developing country, China fully understands that what the western countries look for is a world with fully developed human rights, equal opportunities, and democracy. However, as it is experiencing the transition itself, China also understands that developing countries that are in transition should not be interrupted for their own affairs. Therefore, China has used the veto power to show its attitude to the world, which is the belief and insist of the idea that good purpose must be followed by appropriate approach.

In 1980, China regained its seat in World Bank, and started fully participating in World Bank’s five affiliated organization’s activities. On April 25, 2010, The World Bank Development Committee spring meeting passed the revolution plan that transfers votes from the developed countries to developing countries. This reform has raised China’s vote in the World Bank from 2.77% to 4.42%, thus China has the third biggest voting power, following only the U.S. and Japan.

In 2009, China purchased $15 billion bonds that International Development Association (IDA) issued in China, in order to support developing countries’ financing. In addition, China donated $30 million to International Development Association (IDA) in 2007, and $50 million in 2010. Also, China volunteered to repay $10 billion in advance at once, with the purpose of helping funding floating faster to countries what need it. The above behaviors have demonstrated China’s willingness of supporting poor countries and the positive impact on the world.

(2) Relationships between China and the Third World Countries

General speaking, China overall has a good relationship with the Third World Countries. This is mainly because China’s actions in international affairs show its concern towards developing countries. China has been actively providing aids to The Third World countries. In addition, unlike developed countries such as U.S. and Japan, China’s developing status makes it close to The Third World countries, since these countries usually share similar ideology, issues, challenges, or even strategies with China. As China takes on a larger economic role, its economic rise model and policies will be the most popular object for the Third World Countries to study and follow.

As of 2007 only a few countries in the world lacked diplomatic ties with Beijing; among them were Honduras, and Paraguay. Some of these, including six in the Pacific, had formal ties with Taiwan instead. China’s growing interest in trade and technical exchanges, however, meant that in some cases substantial unofficial relations existed despite the absence of diplomatic recognition. However, there is no doubt that China is still seeking acceptance and diplomatic recognition among The Third World countries.

China’s Cultural Impact on the World

The Prevalence of Mandarin Chinese, Wu, Cantonese, and Other Main Chinese Dialects

According to the Ethnologue organization 2009 statistics, there were approximately 1.4-1.6 billion native Mandarin Chinese speakers in the world. Population that adopts Mandarin as second language is around 1.78 billion worldwide. In 2012, the native Mandarin Chinese speaker population has reached 955 million, which is 14.1% of the world population, ranked as the language with the most native speakers in the world.

The second popular Chinese language in the world is Wu, and 1.2% population of the world is the native speaker of Wu. Another language with a big speaker group is Cantonese, which is the native language for people in Hong Kong and Guangdong Province. Other popular dialects in China include Hokkien and Hakka.

Twenty years ago, learning English was popular in all countries, since English was recognized as the most popular language in the world. Nowadays, as number of Chinese languages speakers is increasing rapidly, the world realized the Chinese languages’ importance as well as China’s position in the world. The prevalence of Mandarin Chinese, Cantonese, and other main Chinese dialects has encouraged more people to learn Chinese, since it is a useful tool in international trade and interacting with Chinese people. Having more people learning one of the Chinese languages as second language stimulates multilateral commercial development and inter-countries cooperation.

Chinese Schools around the World

There are two major types of Chinese schools around the world. The more prevalent one is Chinese Sunday schools, and the other one is the Confucius Institute.

The number of Chinese Sunday schools is a lot larger than the Confucius Institute, but less formal in terms of teaching. Teachers in Chinese Sunday school are usually undergraduate and graduate students who are native speakers studying abroad at universities that close to a Sunday school. Thus the teaching in Sunday schools is not systematic or formal, and parents send children to these schools just to dabble in Chinese culture and language. Students are usually offspring of native speakers but were born oversea. The Chinese Government also pays attention to Sunday schools and provides supports. The usual supporting way is textbook and teaching materials donation.


http://www.ethnologue.com/show_language.asp?code=cmn

http://www.ethnologue.com/show_language.asp?code=cmn
Confucius Institute is more formal in teaching and curriculum design. Confucius Institute is fully funded by the Chinese Government for the purpose of broadcasting Chinese culture and expanding the number of mandarin speakers. Some universities have even set up partnerships with Confucius Institute in order to benefit their Chinese language classes and Chinese major students.

These Chinese schools around the world provide more opportunities for foreigners to dabble in Chinese language and culture, and also provide a platform for studying abroad Chinese students to communicate and share more about their personal experience with their peer.

**China’s Cultural Heritages, Intangible Cultural Heritages, and Their Worldwide Impact**

One way that China influences the world is through its cultural heritage and intangible cultural heritage. Nowadays most of the cultural heritages have become tourist attractions. These cultural heritages stimulate China’s tourism development, which contributes to China’s economic growth. Since some tourists are foreigners, these cultural heritages also enable foreigners to know China and understand China’s culture more, which is good for international communication. There are some cultural heritages that are even included in the World Heritage. These listed heritages include: The Great Wall, Imperial Palace of the Ming and Qing Dynasties, Mogao Caves, Mausoleum of the First Qin Emperor, and The Potala Palace in Lhasa.

Some Chinese intangible cultural heritages that are listed in the World Intangible Cultural Heritages include herbal medicine, Chinese calligraphy, the Dragon Boat Festival, and Chinese papercuts. These intangible cultural heritages are showing the world China’s over five-thousand years history. Due to the long history and stories behinds these heritages, some foreigners started getting interested in exploring them. For example, Chinese herbal medicine is being more wildly accepted today and many foreigners are learning it. Dr. Ming Zeng is a member of the faculty at the NYU School of Medicine treating patients and teaching students. The areas that she focuses on include Chinese Acupuncture and Chinese Herbology. Many NYU School of Medicine students have benefit from her perspective of integration of Chinese and Western medicine, especially in treating infertility.\(^\text{16}\)

China’s long history enables it to maximize the influence of its soft power, and the cultural heritages and intangible cultural heritages stimulate international communication. China is more active on protecting its cultural heritages and intangible cultural heritages now, and this strategy is a very positive one, since getting foreigners interested in a country’s history and culture can help gaining more understanding and recognition.

**The Trend of Chinese Studying and Working Abroad**

In the “2013 National Public Funded Study Abroad Candidates Selection Meeting” that was held on October 30, 2012, the meeting staff announced the statistics of China’s studying abroad students. In 2011, there were 339.7 thousands Chinese students studying abroad, and 92% of them were self-funded (or family-funded), 4% were government-funded, and 4% were company or organization-funded.\(^\text{17}\) As more Chinese students are studying abroad, China has a more powerful and also positive impact on the world in the education area.

These studying abroad students are contributing to the destination countries’ education prospects by adding their unique values and thinking to the academic atmosphere. During the interactive studying period, these Chinese students together with others generate good sparkles, new thinking, and eventually build up valuable mind sets. In addition, Chinese’ students’ good academic base and diligence always impress foreign professors and inspire foreigner students as well.

\(^\text{16}\) [http://www.minghealth.com/](http://www.minghealth.com/)


\(^\text{18}\) [http://news.163.com/10/0604/08/68APDB6A000146BC.html](http://news.163.com/10/0604/08/68APDB6A000146BC.html)
Chinese Immigrants around the World

According to the “Global Political and Security” that the Chinese Academy of Social Sciences published in 2010, China had already become the biggest immigrant output country. Most of these immigrants are the middle class and especially upper-middle class. These immigrants migrate to other countries through investment migration or skill type migration. Therefore, they contribute to the destination countries with either abundant capital or extraordinary skill sets.

Nevertheless, there are some low-skill immigrants who migrated to other countries based on the family relationship. Some of them are even taking the government’s low income aid, but most of them are working and contributing to the destination countries’ economy although they are in the country’s the poor category.

On the whole, these immigrants are working and studying assiduously, carrying their diligent spirit oversea to influence foreigners, and also indirectly serve as the bridge of a cultural interaction bridge.

The China Threat Theory

Background of the China Threat Theory

The triggers of the China Threat Theory were the South China Sea ownership dispute in 1995 and the missile test in Taiwan sea area in 1996. In 1995, a Philippine fishing vessel captain reported to the Philippines government that China was building constructions on the Mischief Reef, and this report has triggered the dispute of the ownership of the Mischief Reef between China and Philippines. Mischief Reef is a reef in South China Sea, and both China and Philippines claimed to be its owner. In 1996, Government of mainland China tested a missile by lifting it off to the Taiwan sea area, and this action was considered as deterrence for people who are in favor of Taiwan’s independence.

Both the 1995 Mischief Reef event and 1996 missile test have shown the China’s rising power to the world. From then on, more and more countries started to consider China’s rise as a threat. Although China has emphasized that its rise is “Peaceful Rise”, the augmentation of its power in the economic, political, and cultural areas started making the world worries. In addition, China’s communist party ruling system and problems in human rights have strengthened the China threat possibility. Thus the China Threat Theory has become rampant. The China Threat Theory has long dominated Western perceptions of China, especially in the United States. Moreover, it has had a profound impact on U.S. strategy towards China.19

The World's Different Perspectives towards the China Rise

(1) China’s Rise and China—U.S. relations

China and the U.S. have a relative more stable and gentle relationship than twenty years ago. Some medias even stated that the China-U.S. relationship was the most important bilateral relationship in the twenty-first century. China and the U.S.’s frequent collaboration on commerce and even some security domain have shown their friendship. However, what hides behind the “friendship” is actually the idea of checks and balances. China and the U.S. are in a subtle relationship that could be described as “enemies but also friends”. They are not merely competitors. The difference on China and the U.S.’s economic system, political system, ideology, and the U.S.’s fear of China’s catching up have decided their opposition.

For United Stated, China’s rise—even if it is a peaceful rise, is a threat. What the U.S. worries the most is not that China will pick a quarrel, but the being weakened leading or even controlling power. For the past one hundred years, the U.S. has been in the first place in the world and has facilitated many meetings and activities in different realms. China’s rise is sign of the share of the leader position and also the sign of the share of power. Therefore, the U.S. has adopted and will

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19 Edited by Herbert S. Yee, China’s Rise—Threat or Opportunity? Routledge Taylor & Francis Group, 270.
continue to adopt different methods to impede China’s rise. The main impeding tactics are building close relationships with countries that are not in favor of China, and stirring up China’s infighting within the walls, such as setting up meetings with Dalai Lama and blackening the image of the Chinese government.

(2) Asian Perspectives on China’s Rise

Among Asian countries, the countries that have the most intense relationship with China are Japan, India, and South Korea.

Japan is one of the biggest supporters of the China Threat Theory. Due to the Japanese Government’s inappropriate behaviors such as changing the history and denying the Nanjing Massacre in the Japanese textbook and government head’s frequent visit to Yasukuni Shrine, the anti-Japanese sentiment is strong and pervasive in China. Japan is not willing to see a rising China, since it means that China will not swallow an insult like before. China’s rise is a threat to Japan since Japanese will never change their ideology and sincerely admit historical mistakes, but China is not willing to leave the history behind. Therefore, the conflict between China and Japan will be aroused someday and may be turned into war if not handled well. For the above reasons, China’s rise, especially the military rise, poses a threat to Japan’s security—from Japanese’ perspective.

Unlike the Japan’s clear tendency which is allying with the U.S., South Korea tends to hedge between the U.S. and China, thus its relationship with China is filled with many uncertainties. For South Korea, China’s rising period will be a good wait and see time. Because China is the main exporting country for South Korea, China’s rise means more economic opportunities for South Korea. China’s rise is not a serious threat for South Korea, it provides a lot of information about who South Korea should better ally with, and thus it’s more a tactic tool than threat.

India is not having a very good relationship with China currently. The facts that China shares the largest boundary with India compared to India’s other neighbors and the dispute of the boundary have decided India’s perspectives on China are conditioned. The similarities of these two counties, such as ideology, developing status, population size, and low labor cost characteristic have determined the competition. Thus India takes China’s rise as a threat since that weakens its market share and competitive power.

(3) European Perspectives on China’s Rise

European perspectives are the most diversified compared to other continents’. General speaking, the European Union has been very supportive of China’s economic rise and reemergence as a great power, mainly because they don’t have territory and sovereignty conflict with China.

One thing that the European questions most about China’s rise is China’s being authoritarian. As a continent where the democratic ideology is pervasive, China’s one communist party ruling system is not praiseworthy for Europe. China’s rise is certainly a boost of international trade with European. Nevertheless, European countries question that if China’s rise means growing dictatorship in domestic affairs.

During the China reemerging period, Russia has grown weaker. Therefore, the potential threat that China has brought to Russia is not China’s rising, but Russia’s falling behind. Also, the potential threat lies in the vacillation of China-Russia relationship, and whether China’s rise will eventually become a threat or an opportunity for Russia largely depends on these two countries diplomatic decisions.

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21 Edited by Herbert S. Yee, *China’s Rise—Threat or Opportunity?* Routledge Taylor & Francis Group, 81.
(4) African Perspectives on China’s Rise

Since most African countries are Third World countries, and China has a good relationship with these countries, the African Perspectives on China’s Rise is more positive than other continents. China has invested billions of dollars in aid and cheap loans to Africa. In addition, China has provided help on upgrading roads port, railways, and power stations as well as other key infrastructures across Africa.22 For African countries, China is more or less a “development partner”, instead of a leader or controller as how the U.S. perceives itself. However, African countries will like to seek more help and fairer trade with China.

African countries export raw materials to China and imported finished goods from China at a cheaper price than Western countries offer. However, since the exchange rate changed and RMB currency appreciated, the price of finished goods is the biggest question and worry for African countries. For them, China’s rise is not a threat, but an opportunity, with hope that they can share more of the benefits and advantages from this opportunity.

(5) Other Countries’ Perspectives on China’s Rise

The threat that Australia thinks China’s rise has brought is in the economic area. Since China’s economic growth model is changing and it is focusing on developing high-tech and electronic products, China is certainly taking over some of Australian’s enterprises thus is eating up some of Australian’s market share. Therefore, Australia’s attitude towards China’s rise is held in awe and veneration, with some discontentment spread in the society about market share being eaten up by China.

The Chinese Government’s Reactions to the China Threat Theory

Being overwhelmed by the China Threat Theory and pervasive international distrust, The Chinese Government has been using the phrasing “Peaceful Rise”. In addition, China is being more active participating in international aid and peacekeeping activities in order to build the positive image of a re-emerging country that is taking international responsibilities. Communication from the Commission to the Council and the European Parliament of 24 October 2006 entitled “EU-China: Closer Partners, Growing Responsibilities”, and this was the first time that the “China’s Responsibility” was clearly stated. Internationally, the China’s responsibility theory has come into the spotlight and promised to replace the pervasive “China Threat Theory”.23

The effort of turning the China Threat impression to a more positive China’s Responsibility image is slowly changing some countries’ perspectives. Besides holding press conferences to clarify China’s peaceful rise purpose, China also shows its promise in practice by making changes in its diplomatic strategy.

12th Five-Year Plan

Introduction to China’s 12th Five-Year Plan

In March 2011, China released its 12th Five-Year Plan (FYP). This plan contains sixteen chapters, and it attempts to restructure the economy, change producing style to value-added manufacturing, coordinate socioeconomic development, and improve public services within the 2011-2015 timeframe. Following the release of the 12th FYP, provincial and municipal governments have also made coordinating plans. The 12th FYP is in implementation currently thus the final outcome remains unknown. However, the national FYP outline shows a logical transition way with some unrealistic.

22 Edited by Herbert S. Yee, China’s Rise—Threat or Opportunity? Routledge Taylor & Francis Group, 270.
Assessing China’s Development Goals and Grand Strategy

The targets for the 12th Five-Year Plan are to achieve around 7% GDP growth rate while achieving 7% annual growth of per capita income, to spend 2.2% of GDP on research and development by 2015, to bring the population below 1.39 billion by 2015, readjust income distribution to stop the yawning gap, firmly curb excessive rise of housing prices, implement prudent monetary policy, intensify anti-corruption efforts, accelerate economic restructuring, and deal with the complex situations in development in 2011. These targets show that China takes domestic stability more seriously. Deep to the root, these targets are to improve people’s livelihood, and this also reveals the shift of the government’s role—The Chinese Government is currently in the transition of moving from a directing and managing role to a serving role.

In addition, it aims at improving citizen’s overall well-being. Besides putting improving infrastructure on the list again, China for the first time included a “well-being” target with a goal of increasing the average life expectancy by a year over the next five years.

China’s 12th FYP focus on economic restructuring, environment and energy efficiency, and scientific development. In this plan, the link between the people’s well-being and scientific development has been strengthened. However, it remains questionable whether China will achieve the fundamental changes to the environment, scientific development and the economy proposed in the 12th FYP.


According to the 12th FYP, China’s possible following action include imposing policies to turn currently agriculture to modern agriculture model in order to improve agricultural productivity and efficiency, reducing rely on electronic and high-tech product import, and restructure government funding to boost scientific development. Also, since the green growing model theory has been stated, transition in manufacture industry is possible as well. The past “high input-high output” model may be switched to efficiency driven model with improvement on techniques. In addition, informationalization within government and corporations will be highly encouraged and adopted. With such actions, the importing and exporting goods’ types will be different than before, and new recruiting policies will be launched to attract talents oversea and studying abroad students whose focuses are scientific area. From now to 2015, China will have more returning oversea talents.

Possible Negative Impact on the World due to China’s Vulnerabilities:

Demographic Vulnerability: An Aging Society and Labor Force Structure

According to the Central Intelligence Agency’s 2012 statistics collection, 17.4% of the Chinese population is 0-14 years old, 73.5% is between 15-64, and 9.1% is 65 years and over. China’s population growth rate is 0.481%, ranked 152 in the world. The One-Child Policy already changed China’s population structure to fewer children and more seniors, which increase each working individuals’ financial burden.

Without a good public services system, the aging population will become the China re-emergence’s burden. As stated in the previous section, public sector employees are not paying copayment of the endowment insurance but still get a considerable sum of pension after retiring. As a result, how the system works now is that current labor forces are paying for the older generation. However, due to the One-Child Policy, the trend is that the amount of people who work to contribute to the endowment copayment pool will eventually be less than the amount of the older generation who gets pension from the pool. When that happens, the endowment insurance system will collapse.

Even if the government started taking the problem generated by different treatments of
copayment seriously, the age structure will remain vulnerability for the society due to the uncompleted infrastructure. The third sector is underplaying its role in the modern China, and the government is still in control of a lot of areas that it is not good at thus has little effectiveness and low efficiency. Therefore, without a reliable infrastructure system, each working individual’s burden of taking care of old family members as well as young dependents will likely be entirely on their own. Such vulnerability is the biggest loophole of China’s economic development and weakens China’s positive economic impact on the world.

Economic Threat: Low Wage

Although China has published a couple of policies and has raised the minimum wage significantly in the past ten years, the salary is still too low compared to the U.S., Japan and other developed countries. Since inflation is still high in China and the RMB currency’s purchasing power is lower than ten years ago, the raise in wage is still not bringing people satisfactory life.

In addition, although the social mobility has increased, the mobility brought by education remains low. In fact, China is facing an embarrassing time when the return rate on higher education has largely dropped. College education in urban China exceeded 10% in 1999, while in Guangdong in 2001, the return rate on college was only 3.6%. In the past twenty years, China has been promoting higher education and created more education opportunities. However, the effort of creating jobs that match these well-educated people’s skill sets is not consistent. The career path and prospect of college graduates remains unclear.

The low wage vulnerability weakens China’s positive impact on the world, since it limits people’s career choices thus the labor force as a whole in China is not maximizing its potentials.

Domestic Instability

As media’s development and information gained in mainly due to the internet, more and more citizens start knowing the world out of China and start comparing the Chinese Government’s behavior with other countries. Indeed, there are many areas that the Chinese Government has not performed well thus the failure has brought citizens’ resentment. Nevertheless, there is no doubt that the destructive forces are also spreading negative opinions online to blemish the Chinese Government and intend to provoke the infighting.

In order to maintain the domestic stability and peace, the Chinese Government founded the Central Maintaining Stability Work Leading Group in May 2000. However, the establishment of this group receives mostly negative comments. The negative comments come for two reasons: most maintaining stability offices are abusing the power, and the expense of maintaining stability activities is too high that citizens questioned why such expense were not spent on improving people’s livelihood, such as improving infrastructures.

According to the New York Times, the Chinese government budgeted $111 billion on domestic security in 2012, which was $5 billion more than the military budget. Most citizens and scholars think that the stability maintenance expense is taking a larger proportion than it should be, and the over-budgeting somehow shows the government’s wrong focus. In addition, the large budget is mostly spent on turning down citizens’ petition, which provokes domestic resentment. Many citizens who went for petition were sent to jail and totally disconnected with their families. Although the original purpose of setting up the stability maintenance office was good, the abuse of power and over-budgeting has brought China some more instability.

It is ironic to see a maintaining stability office provokes more instability. In fact, the Chinese Government’s behavior reveals its fear of losing ruling power, thus it sometimes overacts to

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potential threats of instability. The instability has already become vulnerability and somehow has weakened China's ability on bringing positive impact on the world.

Vulnerabilities Brought by Opponents (U.S., Japan, Russia, and India)

There are some vulnerabilities brought by China's competitors and opponents. As stated in this paper earlier on, the U.S.-China partnership is a checks and balance in nature, the Japan-China relationship remain deadlocked, the Russia-China relationship is an unknown, and India and China are competitors. In addition, the U.S.-Japan alliance is getting stronger, due to the Japanese's fear towards China and the U.S.'s desire to deter Chinese being more powerful.

These unfriendly outsiders are trying to strike China by any possible means. For example, some of them encourage Taiwan to be an independent country regardless the fact that Taiwan is part of China. When the Tibetan local government was not having a very good relationship with the central government and both sides were approaching to a conversation, some countries advocated the “free Tibet” thoughts and foreign medias gave a very negative comment and wrong guide on this Chinese internal affairs. Thus, the “Taiwan independent” and “free Tibet” voices are overwhelming today.

These competitors and opponents are trying to strike China from the inside, which means intervening China's internal affairs by providing help to China's separatist forces. In addition, they are trying to lambast China in the economic area by accusing China for dumping, which is a false call. Also high tariff or quota might be applied on made in China goods, in order to protect local business or just simply to restrain China's business.

Conclusion

The contemporary China is in its transition to a more open and modern one. During its transition period, China restructures its economic system, imposes political reform, and encourages cultural activities. Although it is still a developing country and it has some vulnerabilities that restrain its functions in the world, it is growing and improving at a fast speed that the achievements are prominent. The China’s rise has brought up the China Threat Theory and China Responsibility Theory, and the Chinese Government has adopted actions to give a positive answer to the world’s doubt. From China’s 12th Five-Year Plan, one can tell that China is taking a lead in the world’s overall development with a humble and responsible attitude.

By contributing to economic prosperity, balancing the world’s political powers, and stimulating cultural exchange, the re-emerging China has an overall positive impact on the world in economy, politics, and culture.