

China: 40 Years On

News:

On the 40th anniversary of China's 'open and reform era, China landed a lunar probe on the dark side of the moon. The Chang'e 4 spacecraft performed a soft landing in the moon's Von Karman crater. It was the first mission in human history to overcome the technical challenges of landing on the moon's far side. The Chang'e 4 mission was a coup for China's ambitions but what is much more profound is the fact that China was an economic wreck just a few decades ago. But today it has managed to alter this and stands at an epoch in its four millennia history.

Comment:

When Mao Zedong passed away in 1976, it would take two years of instability within the communist party for Deng Xiaoping to emerge as a paramount leader and officially abandon communism as an ideology. Spreading communism was abandoned and economic development became the paramount aim. What made this urgent was the fact that over 90% of China's population was in poverty and China with the world's largest population (in excess of 900 million), had a GDP smaller than Holland.

China needed foreign technology, foreign expertise and foreign help, but it didn't want foreign influence, which had for long caused it problems. Special Economic Zones (SEZs) were established on China's coastal areas to attract foreign technology and expertise, which would allow production facilities to be set up by foreign companies and make use of China's key resource – its large population. China provided foreign companies with the cheapest labour possible, and this, in turn, meant the cheapest products in the world could be made in China, cheaper than anywhere in the world. Foreign companies relocated to China SEZs at the expense of job losses in their domestic industries. This was all predicated upon these companies sharing technology and expertise with China.

All of this was supported by the Chinese Communist Party with easily available loans for Chinese companies and State-Owned Enterprises (SOEs) leading key industries. The communist party built the infrastructure that would facilitate this export led model and played a large role in directing the economy. This ensured after decades of economic failure under Mao and communism that China's large population had jobs. When they had jobs, this would ensure social cohesion and would protect the rule of the Chinese Communist party.

In Just four decades, China has gone from GDP of around \$150 billion in 1978 to a global monster of \$12 trillion. China today is the world's largest manufacture and it will soon have a larger economy than the US.

But this phenomenal growth has come with serious challenges. China is hugely dependent on foreign commodities and energy to fuel its manufacturing base. These supply lines go around the world, and China cannot protect the supply lines in any war if they were cut. Despite much progress in China's military, it remains a regional force rather than a global one. But where China faces its most significant challenge is in its politics. China has focused so much on its economic development, and this has become its lens through which it views the world. China, despite its large size, has no political vision for the world, aside from some views about the US as the global hegemon and how this should not be the case. China has investments in significant parts of Africa and is building infrastructure on the continent, but it is the US, France and Britain who are determining the political direction of the continent.

China has viewed its economic development devoid of politics as a result its failure to see the opportunity in front of it to change the global balance of power. China would rather maintain the current global system and benefit from it despite the fact that it is dominated by the US, even though it is well placed to replace it. China is secure internally and is well placed to determine the future of the world. But it will not achieve this unless it has a system for the world, which they can subscribe to. economic development and this is what all nations want, but this economic growth on its own is not enough to attract nations to join the Chinese global vision.

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