

## China – Where is she, and where will she go from here?

**As the oldest continuous civilisation in the world, China has had its ups and downs. Changes over the last fifty years have caused dramatic results; but what are they, and where are they leading?**

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China. The name conjures up different images from different people. Often this will be one of three things: Imperial China, Sixties' Communist China or simple peasantry. However, some of the world's wealthiest people, along with some of the most advanced technological achievements have recently come from this country.

Where do these mental images come from? Unfortunately, there is a massive discrepancy in the wealth of the rich and the poor in China. Rural Chinese, more often than not farmers, are massively poorer than most urban Chinese.

The urban Chinese can celebrate affluence such as the world's only commercial magnetic levitation train, in Shanghai. Running from the financial district to the airport, this 430kph super-train is a testament to economic success.

The rural Chinese can celebrate one of the world's worst AIDS problems, due to a largely unregulated blood trade. They were offered money to donate



**The Shanghai MagLev system – a hugely expensive project**

blood, which quickly got out of control. The AIDS virus got into the system, and spread like wildfire. Parts of Henan Province are so badly affected that entire villages are infected.

This economic gulf has led to a migration to the cities, which in turn has led to overcrowding and increasing social problems. Some urban Chinese resent the rural Chinese, but many acknowledge that they do provide a steady stream of cheap workers. This cheap workforce is fuelling the extensive construction taking place all over the country.

China is rapidly changing and the trend looks to continue. Reunification with Hong Kong and Macau

has provided additional income and the 'Special Economic Zones', areas of particular development, are generating vast amounts of wealth.

Hong Kong Island was taken by force by the British in 1841 following the First Opium War, and in 1898 Britain acquired the 'New Territories', a 980 sq km area on the mainland. Britain had to give the New Territories back after 99 years, and chose to give Hong Kong Island back at the same time, in 1997. Macau belonged to the Portuguese, who took the island by negotiation, as opposed to the more aggressive British. It was returned to Chinese sovereignty in 1999.

When Hong Kong returned to China, there were worries that it would suffer due to restrictive Chinese policy. In due course, Hong Kong has suffered. However, the reason is the precise opposite of what was feared; China has done so well that it has pulled a lot of the trade out of Hong Kong and into nearby Shenzhen and the other major port, Shanghai.

The only area that has not returned to the fold is Taiwan, a considerable thorn in the side of China. After a bloody civil war, some Chinese fled to the island of Taiwan and in 1949 it declared itself 'The Republic of China'. This was countered by Mao Zedong in his declaration of the 'People's Republic of China' (PRC), and the two countries only officially ended the war between themselves in 1991.

However, a unique situation has arisen where, despite political tensions, Taiwanese businessmen have started investing heavily in China. Amid threats of renewed war, the two countries are becoming economically closer all the time, mainly to China's benefit. China would be wise to shelve its military ambitions, and let the economics do the talking.

Taiwanese investors put US\$1.7 billion into mainland China during the first five months of 2003, up almost 44% from last year. Many see China as a land of almost limitless opportunity. This is down to one thing

alone; the sheer size of China and its huge population.

Despite the economic increases described above, there is still a great deal of Chinese who are without basic conveniences. This provides a huge internal market to be exploited. These same people provide cheap labour, allowing inexpensive goods to be produced. Finally, foreign educated Chinese are returning to the motherland bringing knowledge and experience, further fuelling the Chinese economic engine.

Goldman Sachs, the investment bank, has predicted China's fortunes over the next fifty years, and the results are staggering. The gross domestic product, or GDP, of a country reflects the size and wealth of the economy. China's GDP overtook Italy two years ago and in the next three years will pick off France, then the UK and finally Germany, one in each year. Japan will be left behind in 2016, and finally China will become the biggest economy in the world in 2041 when it beats the United States. Its only serious competitor will be India, a country which is also undergoing huge economic improvement.

With this new position of power, the Chinese government has to be very careful how it modernises itself. Things have come a long way in recent years, but the cover-up of the SARS incident, the blocking

of Google, and the brutal treatment of the Falun Gong are all recent examples of a government which has too much control. The swings between Communism and rampant Capitalism are too large, but hopefully things will settle, to the benefit of the whole world.

Along with economic power, China will have increased worldwide political power. How it deals with this is an area of great contention. China has the potential to act as a stabiliser in various regions; it has the best relations with North Korea, an obvious potential future flashpoint, and is trusted in areas such as Indonesia over the United States.

It will be very much in the Western World's interests to anticipate this shift of power to the East, and start moving into a position to benefit as much as possible from it. The United States had a good relationship with Japan and Taiwan when they were at their most successful. However, China looks to grow bigger than these other Far Eastern economies ever did. Much bigger.

How the United States will deal with a competitor is unclear. Tensions between the two countries have been strained ever since the PRC was formed, and it is unpredictable how this will change. In the Korean War (1950-1953) the two countries actually clashed, and now regard each other with deep suspicion.

Again, relations are improving, but how far can they improve when anti-American propaganda is taught in China, and American arrogance prevents the Chinese from being treated equal? The downed American spy plane in Chinese airspace, in April 2001, is a perfect example. Both sides blamed the other: the Chinese accused the Americans of spying, and the American's blamed the Chinese of "playing bumper cars in the air".

The current Chinese President Hu Jintao is looking at mild reforms to

his country's political system, but more sweeping change is necessary before America, and much of the rest of the world, takes notice. It is a difficult situation for him; Communism is ingrained in society, and corruption is rife. Those in power don't want change, but many they represent do.

In 1998 the previous President, Jiang Zemin, experimented with openness, even allowing an opposition party to be setup. However, after deciding this wasn't a good idea, he arrested all members of the opposition

and disbanded the party. People are more cautious now; similar lessons were taught at Tiananmen Square and in Mao's 'Hundred Flower's Movement'.

China is at a crossroad. The government sent out a huge message in October, by becoming only the third nation to put a person into space; "Look out world, here comes China". With the current economic successes, investment and growth, it can only be hoped that the country recognises its future role in world politics, and adapts to meet them. ■