

China: a global power

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Synopsis

China perceives itself as undergoing an era of rejuvenation, with its economy growing at a rapid rate for over 35 years.

China is the world's largest manufacturing economy and the leading export nation. Economic growth in China has had a phenomenal effect in reducing poverty.

China and India are the demographic titans of the world, with both populations reaching 1.4 billion in 2020.

The perception in western economies and in many of China's neighbouring countries is that China has adopted an increasingly aggressive response to political differences.

Key terms

- **Gross domestic product:** the total value of goods and services produced by a country in a year.
- **Purchasing power parity:** income data adjusted to take account of differences in the cost of living between countries.
- **Soft power:** a persuasive approach to relations with other countries involving the use of cultural, historical and diplomatic influences.
- **Superpower:** a country able to project a high level of power in a range of different ways, involving both hard power and soft power.
- **Human rights:** the basic rights and freedoms to which all people are considered to be entitled.

- **Intellectual property (IP):** creations of the mind such as inventions and names/images used in commerce. IP is protected by law (patents, copyright and trademarks).

Learning objectives

By the end of this **Geofile** you will have learned about the following issues relating to present-day China:

- China's rapid rate of economic growth in recent decades
- the major economic initiatives under way
- demographic change
- international relations and the expansion of Chinese hard and soft power

Links to specifications

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A2	3.2.1.1 Globalisation, 3.2.1.2 Global systems, 3.2.1.3 International trade p20 3.2.3.1 Urbanisation p24 3.2.4.4 Population change p27 Click here
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China: a global power

The People’s Republic of China celebrated its 70th anniversary in October 2019. The current President, Xi Jinping, has often referred to ‘the Chinese Dream’: China’s era of rejuvenation which will see China eventually overtaking the USA as the most powerful country in the world.

China presents itself as:

- a non-predatory power unlike the European colonial powers of the past and the USA today
- a society based on and reflecting ancient Confucian ethics – a civilised society as opposed to the ‘barbarians’ beyond its borders (Figure 1).

However, some other nations have a largely critical view of China. They have issues relating to:

- China’s economic and trade policies
- security concerns about Chinese high-tech companies such as Huawei
- China’s crackdown on protests in Hong Kong
- extensive human-rights violations against the Uighurs in Xinjiang



Figure 1 The Great Wall of China – built to keep out ‘uncultured barbarians’
Source: Chris Guinness

- recent border clashes with India
- steadily rising tensions in the South China Sea.

Rapid Economic growth

China’s economy has been growing rapidly for over 35 years. Today, the USA and China are the two largest economies in the world under both measures of economic size – nominal GDP (gross domestic product) and GDP at PPP (purchasing power parity). Figure 2 compares China and the USA for both of these measures. However, in terms of GDP per capita the situation is

significantly different. China is a middle-income country in terms of GDP (Figure 3).

China is the world’s largest manufacturing economy and the leading export nation. It is the second largest importer of goods. China is the world’s largest producer of a range of products, including steel and aluminium.

Some economists argue that China’s economy looks stronger than it really is because state control over the banking system has led to a substantial credit bubble that could end in economic stagnation. If this happens, China will struggle to follow its Asian neighbours, Japan and

Year	China: nominal GDP	USA: nominal GDP	China: GDP at PPP	USA: GDP at PPP
2020	15,468	22,198	29,609	22,198
2010	6087	14,992	12,446	14,992
2000	1211	10,252	3707	10,252
1990	361	5963	1121	5963

Figure 2 GDP in China and the USA (\$ billions)
Source: 1990 to 2010 – World Bank data; 2020 – IMF estimates.

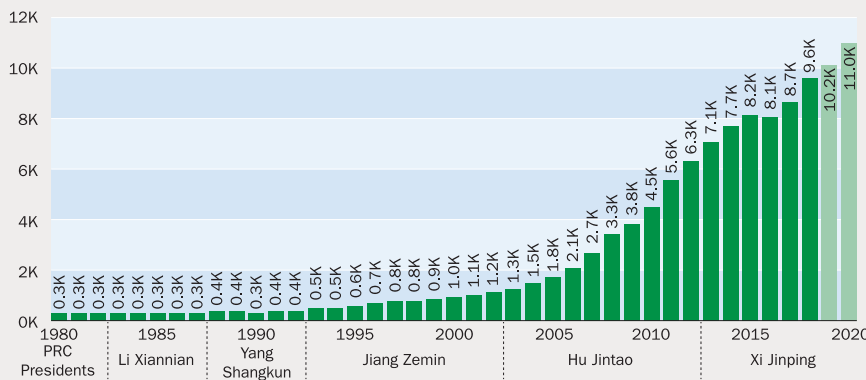


Figure 3 The increase in GDP per capita in China, 1980–2020
 Data source: IMF World Economic Outlook, April 2019

South Korea, in the way that these countries converged with the major western economies in per capita income.

Economic growth in China has had a phenomenal effect in reducing poverty. According to the World Bank, in 1981 88% of people in China were in extreme poverty. By 2015 the number had fallen to less than 1%.

Made in China 2025

This economic plan to move up the global value chain was first published in 2013 and updated in 2015. The prime objectives of this project are:

- to achieve self-sufficiency in key technologies
- to become the world's major technology power by 2025
- and to lead in artificial intelligence by 2030.

The 10 key industries of Made in China 2025 are information technology, machine tools and robots, aerospace, ocean engineering and high-tech ships, electric cars, electric power equipment, farm machinery, advanced materials, medicine and medical devices.

While China already leads the world in supercomputers, it remains dependent on foreign chip production. Overall, it imports six times more intellectual property (IP) than it exports. The USA and other developed countries complain of high levels of IP theft by China.

The Belt and Road Initiative

The Belt and Road Initiative (BRI) established in 2013 is a centrepiece of China's foreign policy which aims to enhance connectivity. It is a global infrastructure development policy. Its main objectives are to:

- invest in infrastructure projects such as ports, railways and pipelines in a large number of countries

- establish Chinese maritime trade routes across the world.

'Belt' refers to road and rail routes, also called the 'Silk Road Economic Belt'. 'Road' refers to sea routes, also called the '21st Century Maritime Silk Road'. The project has a target completion date of 2049.

Demographic change: an ageing population

Population size is a significant factor in both economic and political influence. China and India are the demographic titans of the world, with both populations reaching 1.4 billion in 2020 (Figure 4). India's population is likely to overtake that of China by 2021 and then steadily pull away due to a higher rate of natural increase. In 2020, the respective figures for natural increase were 1.4% and 0.3% a year. China's population is projected to decline sharply, beginning as early as 2023.

The demographic factor of most concern to China is the ageing of its population. The country's economically active population is already

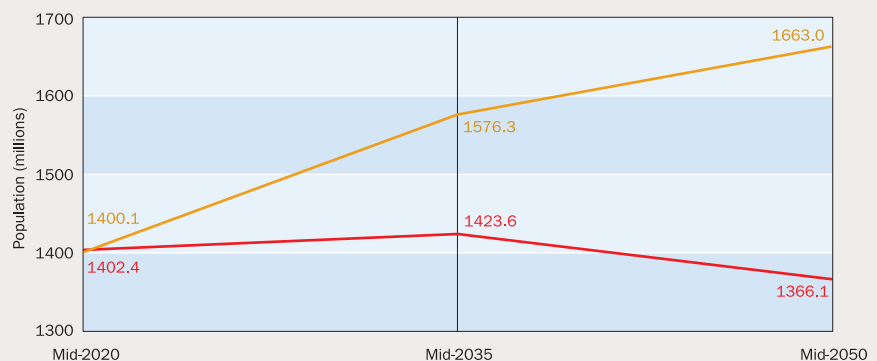


Figure 4 Population forecasts for China (red) and India (yellow)
 Source: 2020 World Population Data Sheet, Population Reference Bureau

contracting and will decline by about 200 million over the next 30 years.

International relations

Chinese transnational companies

The perception in western economies and in many of China's neighbouring countries is that China has adopted an increasingly aggressive response to political differences. For example, when, in 2020, the UK government said that the role of the Chinese company Huawei would be phased out of the UK's new G5 telecommunications network, China's ambassador in London reacted angrily.

The USA and a number of other countries see Huawei not as an independent company, but as an arm of the Chinese state. The concerns raised are that China could use Huawei to spy on its economic and political rivals, and perhaps even disable critical electronic systems in such countries. China has been quick to dismiss these arguments, saying that it does not interfere in the policies and performance of Chinese companies, and that its rivals are simply afraid of 'fair competition'.

Hong Kong, Taiwan and Xinjiang

China's introduction of the Article 34 sedition law in Hong Kong has resulted in a heavy crackdown on large-scale protests. Many people in



Figure 5 Hong Kong

Source: Paul Guinness

Hong Kong and elsewhere view China as breaking its 1997 agreement with the UK that Hong Kong should retain its unique character for 50 years after the UK's departure (Figure 5).

Taiwan is a self-governing democracy that split from mainland China in 1949. The USA has maintained close links with Taiwan ever since. China regards Taiwan as a 'renegade province' and is determined that it becomes part of China again as soon as this is achievable. Taiwan has never officially declared independence from China for fear of a military response.

The north-western province of Xinjiang is home to China's Uighur Muslim population. China has received widespread global condemnation for extensive human-rights violations against the Uighurs. The main reason for China's policy towards the Uighurs seems to

be the fear of losing control of the province to Islamist independence movements.

The South China Sea

The key issue here is the militarisation of several landfill islands and disputed natural islands in the South China Sea. Recent tensions began in 2012 after a confrontation with the Philippines over the Scarborough Shoal fishing reef. China has claimed several island chains such as the Spratly Islands and the Paracels. China views these areas as its own under previous historical claims. Most other countries view China's actions as illegal under international law.

The Sino/Indian border

Border disputes resulted in the India-China War in 1962 and regular skirmishes since then. The latest border skirmish occurred in June 2020 after China objected to

Indian road construction in the Galwan River valley. This is along the disputed border with Indian Ladakh and Chinese Tibet. India is boosting its presence in the India Ocean to counter what it sees as Chinese expansionism.

Hard and soft power

'Hard power' is the use or threat of military action or economic sanctions to influence the behaviour of other countries. China has the second largest defence budget in the world and is gradually closing the very big gap with the USA. The USA has over 500 military installations in 41 countries. In comparison, China set up its first overseas base in Djibouti in 2017. China's priority seems to be to extend its power in the East and South China Seas and also increase its influence into the Indian Ocean.

With 'soft power' the idea is that countries that can successfully leverage their national power by persuasion and attraction are able to influence the behaviour of other countries and organisations. A positive global image is seen as important by more and more countries.

The USA has large networks of alliances including the 29-nation North Atlantic Treaty Organisation (NATO) and the Five Eyes intelligence-sharing alliance with Canada, the UK, Australia and New Zealand. In comparison, China has few formal allies. However, China has significantly increased its spending on foreign affairs in recent years as it tries to draw more countries into its political orbit. In 2019, China overtook the USA as the country with the most embassies and consulates around the world. China has opened an increasing number of Confucius centres around the world to promote Chinese culture and its political views.

China is one of only five permanent members of the UN Security Council, the others being the USA, Russia, the UK and France. Until the last 20 years China had a minimal presence in UN peacekeeping missions. Now it is the largest troop contributor by a considerable margin. In 2003, China became only the third nation after Russia and the USA to launch a person into space.

China has been expanding its space ever since. In July 2020, China launched its first independent mission to Mars.

Conclusion

China is clearly a global economic power, but it still remains behind the United States in other aspects of international relations. An article published in Bloomberg in 2018 entitled 'Does China Have What It Takes To Be a Superpower?' concluded that:

- China would overtake the USA as a regional power in Asia by 2030
- However, being a regional great power is not in the same league as being a global superpower, a concept most used at different times to describe the British Empire, the Soviet Union and the USA
- To be a superpower requires excelling in a number of areas of power projection, namely economic, military and 'soft power' (political and cultural)
- Whether China overtakes the USA as a superpower remains in question.

Focus questions

1. Why does China consider itself as undergoing an era of rejuvenation?
2. For the period 1990 to 2020, compare the changes in nominal GDP and GDP at PPP for China and the United States.
3. Look at Figure 4. Describe the changes in the population projections for China and India.
4. What is soft power and how has China attempted to expand its soft power profile?
5. Essay: Discuss two international issues facing China.

Learning checkpoint

After reading this **Geofile** consider the following questions:

- What are the aims of the Made in China 2025 economic plan?
- What is the Belt and Road Initiative?
- What are the issues that the USA and some other countries have with Chinese transnational companies such as Huawei?
- Why has Hong Kong become such a major issue for the Chinese government?
- What is the difference between hard power and soft power?

Useful websites

China – a range of articles from the World Economic Forum

[Click here](#)

‘China as a Great Power’ – Middle East Policy Council

[Click here](#)

‘China’s rise as a world power’ – International Socialist Review

[Click here](#)

‘Global China: Great Powers’ – Brookings Institution

[Click here](#)

‘Is China a military superpower’

[Click here](#)

China Daily – English language Chinese paper covering a wide range of national and international issues

[Click here](#)

‘Belt and Road Initiative’ World Bank Brief, March 29 2018

[Click here](#)

Can China continue to grow?

[Click here](#)