The Effects of Globalization on Chinese Government

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China and the World

In the past two decades, the world has witnessed the impressive growth of a new world power. China has blossomed from a traditional, closed economy into an economic superpower. Many nations, including the United States, heavily depend on China for manufactured goods. In fact, China has become a leader in this arena. For example, China currently produces forty percent of the world's laptops and fifty percent of the world's shoes (Zhong).

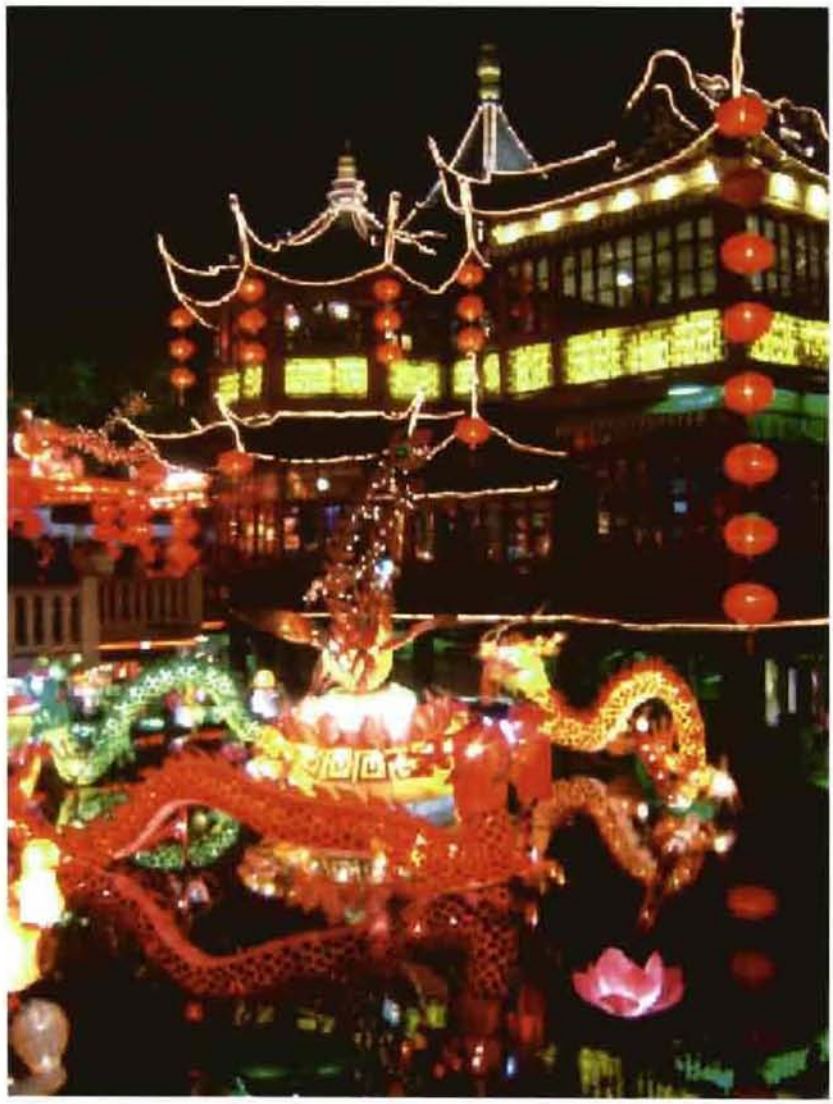
What is known about this mysterious country that has intrigued the western world ever since Marco Polo's famous trips? China is, geographically speaking, the second largest country in the world. Population wise, China is the largest, with 1.3 billion people. There are five ethnic groups in China, but the Han Chinese constitute about ninety-two percent. Mandarin is the national language. The Chinese have adopted English, as have the rest of the world, as their language of business. There are currently more English speaking citizens of China than English speaking citizens of the United States (Morton 2-8). Pictured below are Tibetan monks in the Forbidden City, Beijing.

World prominence is a new frontier for this ancient country. China has primarily remained out of international business competition. Then, in the early 1980s, China slowly started opening its doors to the world, and the world responded. Did the world ever respond! China's Gross Domestic Product (GDP) has risen an average of 9.6% every year for the past twenty years (Zhong). China will soon be named the fourth largest economy in the world. In terms of purchasing power parity (PPP), China is the second largest economy with a GDP (PPP) of 7.262 trillion US dollars ("China"). Compare that with the US GDP (PPP) of 11.75 trillion dollars ("United States").

What are the factors that led to this situation? First of all, in the early 1900s, China's government changed from centuries of dynastic ruling to a government that incorporates communist ideology. Then, after the death of the founder of the communist movement, China approached the global market by allowing trade and joint ventures of foreign companies in China (Morton). These two decisive moves have collided at the beginning of the twenty-first century. The question on everyone's mind is whether or not a communist government can successfully coincide with the capitalist global market. Will China eventually become a democracy, or will it prove to that world that these two ideas can collaborate and create a world leader?

Also of interest is the effect these issues have had on the Chinese culture. How can a culture that values equality of all its citizens cope with the inequalities the global market has introduced? How will lay-offs at the state-owned companies affect a culture that has relied on the government to ensure their well-being? Without government reform, will these people start demanding a voice in their government?

These issues facing China will be described in detail in the following sections. In order to gain a better understanding of the present modern-day China, a brief look at modern Chinese history, the rise of communism, and the entrance into the global market will be examined. Next, a closer evaluation of the issues facing the Chinese government due to the globalization of China will be conducted. Then, the effects these government issues have had on the Chinese culture will conclude the investigation into this topic. First of all, where has China been?



Shanghai decorated for the Chinese New Year

A Summary of Modern Chinese History

China has been described as the "oldest continuous, homogenous, major culture in the world" (Morton 2). This statement is a reflection of China's history. Unlike all other ancient civilizations, China has remained resilient and flexible in order to survive the ever changing world. Throughout its entire history, China has suffered many hardships. The culture managed to stay relatively steady through the rise and fall of many dynasties.

Then, in the early 1900s, the last dynasty fell, and a new form of government emerged. Sun Yat-sen, a Chinese revolutionary, established the Three People's Principles, the foundation for the republic of China. After about twenty years of this trial government, China was once again in search of a better solution. While Sun's form of government was failing, the Chinese Communist Party was gaining support, thanks to Russia's influence. After fighting a revolution of its own, Russia was the perfect advisor. Russian representatives were sent to China to help distribute communist materials. Having a communist ally was important to Russia; therefore, supporting a struggling nation that is embracing communism was a priority for Russia, especially if that nation has the potential for becoming a world power (Morton 176-196).

The foundation for a communist government had been established. World War II inspired a speedy construction. Japan was strengthening and implementing an expansionism ideology. By this time, political relations between China and Japan had deteriorated. Japan led a heavy invasion of China for many years. At the end of World War II, Japan was forced to leave China, which was left in shambles. Inflation was out of control, people were not able to find work, and a strong government was missing. With the help of Russia, once again, the Chinese Communist Party was able to seize all of

Japan's military equipment and continue their fight to establish a communist government. They staged two attacks and then took China (Morton 197-201).

The Rise of Communism

In 1949, the People's Republic of China was formed. Also, the Chinese Communist Party (CCP) established the People's Political Consultative Council. This was the first official communist government body. Zhou Enlai was appointed Premier. The CCP wasted no time implementing communist ideology. The first important change was the distribution of land. Poor peasants were given a small plot of land, about one third of an acre that was forcefully taken from rich landlords. If the CCP met any resistance from the landlords, the landlords were condemned and executed. This sent a strong message to the Chinese people that would have a lasting effect. This new government was not afraid to use force to implement reforms (Morton 207).

Next of the list of reforms were the "four olds," which were "old ideas, habits, customs, and culture." Classes were held in universities to educate both students and the educated public of communist thought. Everyone was forced to participate, relinquish the thoughts of the old "feudal" China, and embrace communism (Morton 208-209).

After reforming the thought and possessions of the Chinese people, the CCP drafted the Constitution of 1954. This document extended the powers of the communist officials and limited the powers of noncommunist leaders. Officials were elected at the local level, and those officials decided among themselves who would serve at the congressional level. This mix of democracy and centralism was the pride of the CCP. It

also gave many Chinese something they had not had before, representation in the government (Morton 209-210).

Mao Zedong, an influential leader with the CCP, was making a name for himself during the communist takeover of China. He came from a humble background as an upper class peasant. Mao educated himself after secondary school and devoured books of revolutionary thought. When fighting the civil war, Mao rose through the ranks and gained respect from the men around him. Many saw him as one of their own since most leaders were from wealthy backgrounds. Mao Zedong became chairman of the CCP and was later named Chief of State (Morton 202-215).

A photo of Mao Zedong hanging outside the Forbidden City, Beijing

After the end of the civil war, 1949, Mao went to Moscow to negotiate with Russia to ensure Russia's aid if Japan tried to invade China again. A thirty year agreement was reached, but China was release from this agreement after Stalin's death in 1953. China began to see changes in the Russian communist ideology, and they saw themselves as maintaining the purity of Marxist-Leninist faith. Russia had begun to embrace the global market, and China saw this as valuing consumers over revolutionaries. By 1963, the two countries had severed all ties and were competing for the position of the communist leader of the world (Morton 211-212).

A disagreement among high ranking communist official Lin Shaoqi and Mao led to the Great Proletarian Cultural Revolution, which openly challenged the current communist thought. Mao was viewed favorably in the outcome of this influential event, which provided legitimacy of communism in China. Proving that legitimacy abroad was a bigger challenge. Foreign nations were not willing to accept China, and the dispute between Taiwan and China was at center stage. China argued that the dispute with Taiwan was an internal matter and did not require the assistance of foreign intervention. Zhou Enlai maintained this stance and informed the UN that China would not have relations with the United States until Taiwan was recognized as part of China (Morton 214-221).

Zhou had a vision for China to be a fully modern country by 2000. In 1976, both he and Mao passed away. Deng Xiaoping rose to power. His views on communism differed from his predecessors; therefore, he removed several powerful leaders that represented the old regime. With a clean slate, Deng started entertaining the thought of commercialism in China. He established three objectives for the United States to meet in

order to have normal relations with China: 1) the abrogation of the US treaty with Taiwan, 2) the severance of diplomatic relations with Taiwan, 3) the withdrawal US troops from Taiwan. As the US started taking steps toward normal relations, China became more flexible in their demands (Morton 226-232).

Opening the Chinese Market to the World

A mixture of allowing the world to come in and having an attractive market has aided China in their successful entry into the global market. In the 1970s, China slowly opened its doors to foreign investment, starting with exports. From 1973 to 1974, China-US trade increased by 50% (Morton 223). Then the Chinese government allowed franchising and establishing joint ventures. This allowed the government to keep a watchful eye over the foreign businesses and its citizens and, therefore, allow the Chinese government to still open up China to the rest of the world without having to compromise its communist law. The final step was to allow companies to enter the Chinese market alone. This came with the creation of wholly owned foreign enterprises, or woofies. As the interest from foreign investors grew, China decided that the growing demand could only be met by allowing companies to enter solo. This changed the thinking of foreign companies who wanted to enter China. The decisions they made before the relaxation of the law focused on partnership issues and whether they should forego the partnership and franchise or simply export (Griffen 388-389). In late 2001, China joined the World Trade Organization, which solidified China's entrance into the global economy (Chan).

Several factors made the Chinese market an attractive one. Political and economic issues in China have been a selling point for foreign companies looking to

enter the market. The political stability has provided the security needed to conduct business (Griffen 388-389). Economically speaking, China is also stable. As mentioned previously, China's GDP has risen consistently for the past two decades. The sheer size of the market, 1.3 billion people, is an incredible opportunity for foreign companies. Even if a company decided to only export, those 1.3 billion people will greatly change the customer base. Now that companies could enter the Chinese market as a wholly owned foreign enterprise, they began thinking about how they could navigate the tricky waters of the Chinese culture alone. Many thought about hiring Chinese managers to facilitate the immersion. By establishing a business in China, a company can help foster the local economy and, therefore, increase the buying power of the consumer. Currently eighty percent of the wealth in China is with twenty percent of the population (Gries 1). Even if the buying power of the population did not change, two hundred and sixty million people can afford consumer products. Increasing this number will only help foreign businesses. China's large population and relatively inexpensive labor also provides an incentive for establishing business in China.

Effects of Globalization on Chinese Government

How has this radical change in the Chinese economy affected the government? First of all, the ideas of the founders of communism in China have been selectively applied. Mao was adamant about maintaining the purity of Marxist-Leninist thought. This was evident in 1961, when China and Russia ended political relations. As mentioned previously, China criticized Russia for allowing consumer-driven thought to

interfere with revolutionary thought (Morton 212). It now seems as though China has embraced the very thing they criticized Russia of doing.

Secondly, and most drastically, China now has a dual system in place that has historically not been cohesive. The economy is running on a slightly altered free market system, and the people are controlled by a communist government. China has experience the downsides of both. Capitalism has brought rising unemployment and increasing income disparities among its citizens. In addition, communism has a rigid bureaucracy that has created a weary country ("China"). The major problems associated with this arrangement are the following:

- The struggle to keep large state-owned enterprises operating
- The inability to provide employment for the millions of workers who have been the unfortunate victims of the failing state-owned enterprises
- The struggle to reduce corruption and crime that have develop out of these dire situations

Public unrest over the inability of the government to control unemployment has led to many riots in the past few years. This is a signal to the world that China is losing the strong control over its country, upon which the communist government was founded ("All Things Considered"). Is this also a sign that maybe the time has come for China to reform its government? Almost all are in agreement that some change must occur, but the degree of change is up for debate.

Tiananmen Square

Can a capitalist government exist within a free market? Historically, this has not been the case. It is extremely likely that the Chinese government will have to pass aggressive legislation to cope with the faster pace of economic development. China has adopted some democratic ideas, of course without calling them democratic, into their communist structure. Many argue that communism in China is dead, and the CCP is just leading the country. In the past few years, the government has taken some retroactive steps, in terms of democracy, and attempted to regain the control needed to maintain a successful communist government (Swanstrom A9). However, China is looking at reform. As Zhang Bijian, a senior adviser to President Hu Jintao, stated "Democratic

politics and peaceful development are the two big concepts we will pursue in the next 25 years" (Pocha A6). The actions of China within the new few years will be both interesting and will most likely have a global effect.

Economic Importance and Political Power

Whether or not the Chinese government takes proactive steps to change, it is undeniable that the government has more power in the global arena than ever. Due to the globalized business world, China has become a heavyweight in the delicate global economic balance. China's political clout is stronger than it has ever been in modern history. In a recent visit to the United States, Chinese president Hu Jintao displayed "China's strategy of using its economic clout to win political concessions from the US administration." (Yun-ping) While this tactic has been used by many countries, this situation is unusual because of the combination of three factors. First of all, China controls a larger portion of global manufacturing than any other country. Secondly, this is China's only political strength in the global arena. Third, as stated earlier, China is a communist country operating in a capitalist system. This creates many political strains because seeing eye to eye on any issue with someone who has a greatly different governmental structure and ideology is extremely difficult. Capitalist countries have problems agreeing; throw in communism to the mix, and it is a recipe for disaster. For example, in President Hu's visit to the United States, his and President Bush's agenda did not correlate. President Hu wanted to reiterate China's stance on the state of Taiwan while President Bush wished to discuss the trade deficit and human rights issues in China (Yun-ping).

The China-Taiwan split is one example of the strained global relations. After a civil war in 1949, Taiwan split from China. It depends on aid from other nations to operate as a sovereign state, and it does operate as its own country. China, however, sees Taiwan as a rebellious state that is still part of China. Any government or world organization that acknowledges Taiwan's independence must understand the consequence of that action, which is bad or no relations with China. China has successfully lobbied the United Nations and the World Health Organization, which has angered Taiwan ("China-Taiwan"). Some nations, such as Gambia, support Taiwan and are trying to have it included in the World Health Organization. However, when making a decision, the global economy rests more in the hands of China than Gambia, and no one wants to disturb that issue (Ceesay). The United States has an agreement with China that allows the United States to continue relations with China while peacefully working toward a solution for Taiwan. Like all other countries who want to trade with China, the United States can not recognize Taiwan's independence. President Hu made this clear in his recent speech at the White House. He stated, "We will work with our Taiwan compatriots to promote the peaceful development of cross-Straits relations. However, we will never allow anyone to make Taiwan secede from China by any means." ("Remarks")

Effects of Globalization on Chinese Culture

China has a resilient culture that has survived through the rise and fall of dynasties, complete reformations of government, and time. Will the globalization of the past twenty years affect this strong culture? The answer is absolutely. Although China

has maintained a relatively stable culture, it was in geographic isolation during all of those changes. Now the world is approaching China, and China's doors are wide open. English has already permeated the ancient culture. The internet is bringing the world into Chinese homes. Chinese people now have access to more information, ideas, cultures, etcetera than ever before. Pictured below is the countdown to the Olympics in Beijing. This will be the first time the Olympics have bee held in China.

Income disparity is another problem for this globalized country. One of the goals of communism was to equalize the population. This was one of the selling points of the

idea in the first place. Now that some people are able to earn large salaries while others are working for next to nothing in factories, this attribute of communism is slowly disappearing. How will this affect the culture? When one Chinese person is riding his bike and his peer is driving a brand new car, equality is missing. Will growing disparities change a culture that has come to value equality?

The streets of Shanghai

Conclusion

China has gone through many changes over the past twenty years. These changes have taken a toll on the communist government structure. China will have to embrace democratic ideas in order to mesh the communist and capitalist systems in place. The more resistance to this change, the harder this will be on China. After a full century of

reforms, China is on the verge of becoming a world leader. To attain that status, China must resolve its internal problems of an increasing unemployment rate and failing state-owned businesses.

The effects this globalization has had on the Chinese culture have started to appear. Connectivity with the world is better than ever, and the Chinese people have absorbed this new media. The gap between the old and new China is apparent in the culture. Some of the Chinese have moved as quickly as its country into this new world. Others are still citizens of an older China. On a whole, the emergence of China into the global market has had profound effects on the ancient country. Only time will show if China will regain its status of a world power that it had many centuries ago.

Oriental Pearl Tower in Shanghai

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All photographs were taken by Haley Hubbard on her trip to China, February to March 2005.