

Smart Talk No. 19

Presenter

Fei-Ling Wang

Moderator

Sukhee Han

Discussants

Jaewoo Choo
Joo-Youn Jung
Si Joong Kim
Young Jin Kim
Dong Sun Lee
Ji Yong Lee

This product presents a policy-oriented summary of the Smart Talk.

The East Asia Institute
909 Sampoong B/D
310-68 Euljiro 4-ga
Jung-gu
Seoul 100-786
Republic of Korea

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Assessing the Rise of China

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On July 19, 2011, the East Asia Institute hosted a Smart Talk Seminar with Professor Fei-Ling Wang (Georgia Institute of Technology) who presented an overview of the rise of China and its implications.

Summary of the Seminar

With much of its vast territories landlocked and only one third of its territory suitable for agriculture, China's geography is very peculiar and has a strong influence on its rise. The rise of China means the empowerment of the People's Republic. Whether this process is the inevitable expansion of global capitalism or a rejuvenation of China's past glory is open to debate.

China has already realized great achievements. Professor Wang mentioned about not only its unprecedented economic boom but also its socio-cultural diversification, its legal and administrative reforms in absence of political ones, and the remarkable achievement in lifting 400 million people out of poverty. China also has a great potential for improvement due to its high savings rate (2nd highest in the world) and an inexpensive labor force but faces the challenges of a still inefficient financial system. It is possible that within a decade, China could overtake the United States in all dimensions of power, be it economic or scientific.

If China is currently the number two country in the world, it is still not yet treated as one and in some respect this fuels Chinese

nationalism. In addition, three main questions remain concerning China. Is it a market economy? Why does the middle class not want democratization? When will China behave as the number two country in the world? The scenarios for the future of China are very diverse ranging from becoming a superpower to experiencing some collapse.

After the presentation, discussants raised many questions about how to characterize China's rise. Despite having solved all its territorial borders issue with its continental neighbors (except India), the discussants felt that China is not yet in a golden age or in a peaceful environment. For example, maritime territorial issues still exist in the South China Sea and the East China Sea that can become an impediment to its rise.

Professor Wang believed that domestic concerns are of greater concern for Beijing. He highlighted the worrisome trend of riots in China, not only because of their frequency (more than 100,000 in 2010) or the absence of press coverage, but because they tend to burst out for no precise reason except as a form of releasing social pressure.

When compared to other rising powers of the past, China is not imperialistic. Beijing may have learnt from past experiences, particularly from the former Soviet Union, and is therefore trying to display peaceful intentions. However, this does not mean that China will continue along such a behavior indefinitely. It can be said that Beijing continues to hide its long-term intentions due to political interests such as domestic concerns.

Despite the immense domestic inequality and challenges, it would be wrong to say that China is on the verge of collapse. It is facing structural hurdles (among others the overheating of the real estate sector) but is expected to overcome them. It still has a large and low paid labor force and the aging issue of the population has been underestimated.

To meet its domestic challenges, Professor Wang underlined the importance of the *hukou* or household registration system that restricts movements and regulates Chinese society. This though also reveals how diverse China is and that the inequalities are huge.

Some discussants raised the issue about how to classify the middle class in China. Professor Wang stated that the definition of China's middle class is problematic and estimates on its size vary between 150 and 250 million people. The middle class is composed of urban dwellers working as professors, civil servants, and army officers. The Chinese Communist Party aims at pleasing the middle class by maintaining their privileges. For instance, army officers, in the last two years, have seen their wages rise from 50 to 200%. In this respect, China is buying social peace.

On why the middle class has not embraced democracy, Professor Wang believed that the existence of opposite interests within Chinese society prevents calls for democracy from developing. The middle class strives to keep its privileges while the workers only want to improve their basic living conditions of living. According to professor Wang, democratization is unlikely to happen yet.

Turning to the future and the transition of power from President Hu Jintao to Xi Jinping that will occur in 2012, Professor Wang believed that it would be peaceful. The worst scenario in an authoritarian regime is a transition with no heir clearly identified. With the slow rise of Xi Jinping to the highest positions since 2007, it is expected to be a smooth leadership transition. ■

About the Speaker

Fei-Ling Wang

Fei-Ling Wang is a Professor at The Sam Nunn School of International Affairs, Georgia Institute of Technology in Atlanta. Dr. Wang teaches international political economy, world politics, and the studies of East Asia and China. He has also taught at the U.S. Military Academy (West Point). He worked as a consultant for private companies, research institutions, and governmental agencies in Canada, China, the Netherlands, and the United States. Dr. Wang is the author of several books including: *Organizing through Division and Exclusion: China's Hukou System* (Stanford University Press, 2005) and *In the Eyes of the Dragon: China Views the World*, (Rowman & Littlefield, 1999). He has been awarded numerous grants including a Fulbright Scholarship. Dr. Wang received his B.A. and Master of Law from Anhui Normal University, Beijing Institute of International Relations, and his Ph.D. in political science from the University of Pennsylvania

Discussants

Jaewoo Choo, Kyung Hee University

Joo-Youn Jung, Korea University

Si Joong Kim, Sogang University

Young Jin Kim, Kookmin University

Dong Sun Lee, Korea University

Ji Yong Lee, Institute of Foreign Affairs and National Security