

HOW DOES CHINA VIEW ITSELF IN THE WORLD?

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I believe different Chinese people have different views of China in the World. I cannot speak for China. I can only give my own opinion as to how China views itself, or wants to view itself in the World. I have the following six observations:

First, China is now the second largest economy in the World, with a GDP of US\$10.4 trillion, approximately 60% of the US GDP of US\$17.4 trillion. However, it is still very much a developing country, with a GDP per capita of only US\$7,600, compared to the US\$55,000 of the U.S., and ranking approximately 80th among all countries in the World. China still has a great deal of work to do itself to fulfill the “Chinese Dream”, for example, to become a moderately well-off society by 2020 and to avoid the “middle-income trap”.

Second, China still has a great deal to learn from the developed economies, from both their successes and failures, and to adopt their successful policies after suitable adaptations to the Chinese circumstances. It is trying to develop into a socialist market economy but one with Chinese characteristics. It still lags behind many other economies in terms of its human capital (average number of years of schooling per person in the working-age population), its stock of R&D capital, and the degree of internet usage. It is also behind in national defense capability. It is also behind in the development of a “social safety net” for the Chinese people. But it has been trying and continues to try to make progress on all these fronts. And it cannot possibly be a military threat to the U.S. for at least a couple of decades, perhaps never.

Third, China wants to develop peacefully insofar as possible, but it will need the capability to defend itself. It has advocated the no first use of nuclear weapons and has consistently taken the position of no interference in other countries’ internal affairs. I believe China would have supported the first Iraq War, even though it did not actually do so, but not the second Iraq War.

Fourth, China would like very much to be a net contributor to the World, now that it begins to have the capacity to do so. It tries to represent the interests of the developing world. It can now afford to help them develop as well. It can share its successful development experiences with other developing economies. It can pursue win-win, positive-sum opportunities with them. China has been stepping up to do its share in the solution of global problems, e.g., climate change and global warming. It is today the largest contributor of troops for the United Nations peace-keeping missions around the World. It has also participated in the patrolling of the Indian Ocean against piracy. It has also been economically supportive of other developing economies, especially those in its own neighbourhood, by establishing vehicles such as the Asian Infrastructural Investment Bank, the BRICS Development Bank, the “One Belt, One Road” project, and the Silk Road Fund.

Fifth, the Chinese economy is likely to become even more open in the future, to the benefit of all. It is prepared to engage in economic relationships with all other economies on the basis of equality, reciprocity and mutual benefit. One of its economic objectives is to achieve balanced international trade with the rest of the World, which should be achievable as China evolves from being the World’s Factory

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to being the World's Market. It will continue to be open to foreign direct investment in China--it has been much more open to FDI than say, Japan at a comparable stage of development. Chinese enterprises will also begin to invest overseas, in both developed and developing economies, in a significant way.

Sixth, the relationship between China and the U.S. is the most important in the World. It is also critically important to China as well. Historically, China and the U.S. have never treated another friendly nation as an equal. Can they learn to do so? That is why China talks about a new type of major power relations with the U.S. The expectation of whether China and the U.S. will ultimately be friends or foes can be self-fulfilling, and that is why the relations between China and the U.S. must be carefully managed by both sides.