

CHINA – A UNIQUE IMAGE IN A GLOBALIZED WORLD

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Abstract: *Globalization is an irreversible process that generates multiple effects on all countries in the world, regardless of their level of development. Like any social and political process, globalization cannot be considered an unlimited source of benefits, especially for the countries where labor productivity is very low, but it cannot be accused of all the evils that some social structures are required to overcome them.*

Intensively analyzed and monitored, globalization influences all directions of development of a national economy, from the economic to the political sector, from the social to the cultural and religious one. China is the best example in this respect, a country that describes an economic portrait painted in very vivid colors, highlighting its successes in launching a really impressive process of development. We may say that the main catalyst for the rise of China is considered to be globalization, a process that started two decades ago by the Western powers and the major multinational companies currently operating in the most global market in the world - the Chinese market.

Key words: *globalization, economic development, gross domestic product, economic potential, population.*

JEL Classification: *O53, F41, F43*

1. The impact of the economic globalization on China's development

1.1. Globalization – an irreversible phenomenon

At worldwide level, globalization represents the trend of global economies to become borderless and be interconnected. Companies are no longer limited by the borders of the countries of origin and they may conduct business activities anywhere in the world. Trade barriers disappear, and trade between countries is growing much faster. Basically, globalization is characterized as being an effect of trans-nationalizing economic life (Puiu et al, 2010, p. 96).

Globalization involves a qualitative process based rather on a consolidated global market of production, distribution, consumption, than on autonomous national markets. It also involves the increase of both risks and opportunities for individuals and communities, transforming traditions and the consumption pattern, accentuating mobility, pluralism and the increase of need satisfaction alternatives. Globalization implies the increase of the interdependencies and relationships in the modern world, as a result of the unprecedented development of flows of goods and services, capital, information and high mobility of people. The process is driven by technological gains, the reduction of transaction costs and its main actors are the transnational companies.

Globalization has created multiple opportunities for the countries that wanted to build open markets and the ability to assimilate new technologies. This is the case of several countries in Southeast Asia, which did not open financial markets prematurely.

Throughout the development process of globalization, we can identify four types of factors that are largely interdependent: technological, social, political and economic factors, as they were presented (Stonehouse et al, 2004, p. 43).

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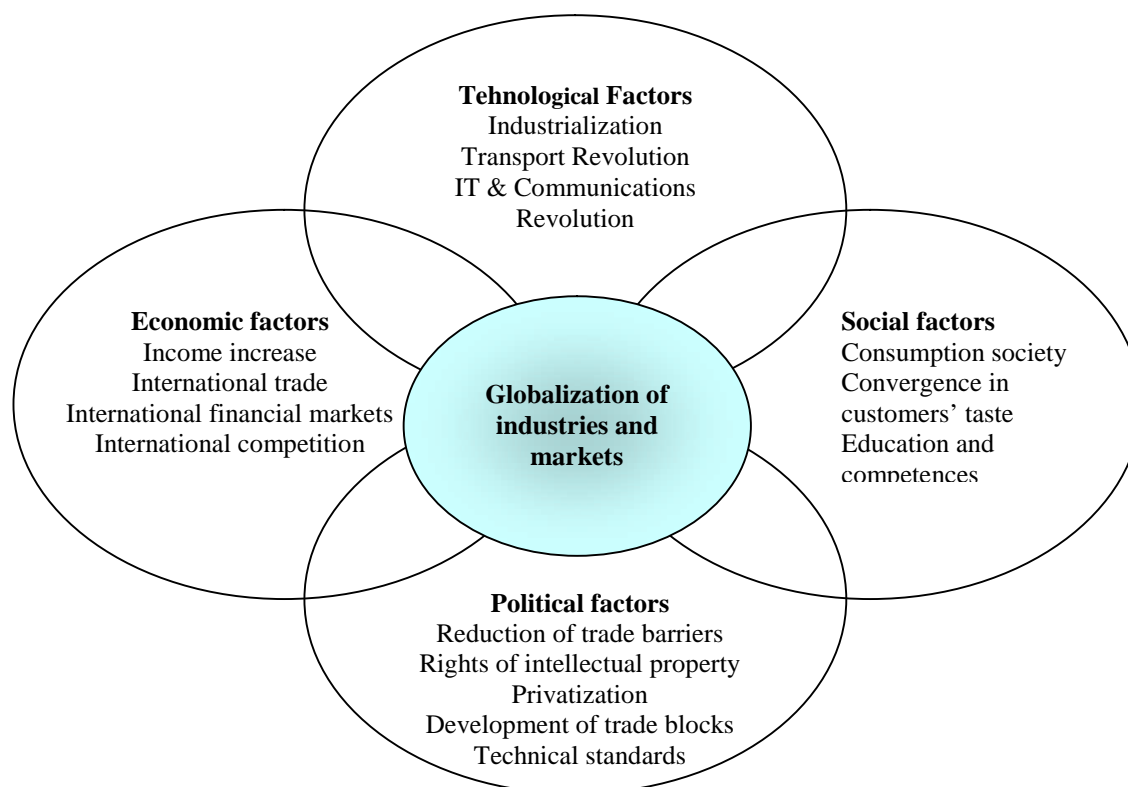


Figure no. 1. Factors of promoting globalization

Competition in many industries and markets has globally increased while the role of governments was diminished and the free markets were allowed to play a greater role. Besides, the increase of the global transaction volume has led to a growth of the revenue in the developed economies, which, in its turn, has stimulated the demand for global products and services.

Among the economic factors that have stimulated the development of globalization, also stands "low-cost" countries - LCC (Cullen and Parboteeah, 2010, p.19). These are the countries with a cheap labor force that provide products and services for the transnational companies headquartered in developed countries like the U.S.A. The most popular countries belonging to this category are China and India.

"Low-cost" countries have two roles as drivers of globalization. First, they stimulate trade and investment made by transnational corporations seeking cheaper locations for production and services. Second, some of them become the so-called "fast-growing economies", such as China and Brazil which do not only provide production at low prices but they also have an expanding market for multinational sales.

1.2. China – an important part of economic globalization

China, a country with a huge human potential, which will exceed the threshold of 1.4 billion by 2030 (Dexter, R. 2012) and has a social and political communist regime, has oriented its economic policy after 1979 after the slogan "**A country - two systems**", which would mean a certain openness for the free market forces.

Also named "**the production workshop of the world**", China, is an example of good practice during the global economic crisis, as Dobrescu P. (2010), p 132, presented it: "the eastern pole of globalization".

The economic reforms, started in 1979, have generated the development of this country, unprecedented in the world economy, propelling it in the hierarchy of the major economies of the world. Since 2000, China surpasses the most developed countries, Italy,

France, Great Britain, Germany and the USA. It becomes the first exporter in the world, surpassing Germany, becoming the largest automobile market in the world, the largest creditor of the world surpassing Japan, the second largest country in terms of spending on military arms, and in 2011 became the largest producer in the world, surpassing the U.S.A.

New China, after the reforms promoted by Deng Xiaoping, is still a mystery to the experts analyzing its economic development. Currently, China has firmly entered the orbit of globalization. Its power of attracting foreign direct investment and its growth in world trade have led to one of the most dynamic economic developments in the last quarter of the century. The Chinese reforms have resulted in China's acceptance as a full member of the WTO (2001), engaging itself in a progressive reduction of tariff protectionism and accepting the global rules regarding non-tariff protectionism.

It seems that the purpose of the Chinese state was to invade the world with minimal priced Chinese products to create, over time, the dependence on "made in China". Although immediate profits were minimal, the volume of products, continuously growing and the high rate of saving made China's foreign currency reserves to be the largest in the world today. In the global economic crisis, China was able to use its huge currency reserves, on the one hand to support its own economy and to ensure economic growth and, on the other hand, to strengthen its position at worldwide level.

Table no. 1. Countries holding U.S. Treasury bonds

Country	The value of bonds issued by the U.S. Treasury (billions of dollars)
China	889
Japan	765.4
Oil exporting countries	218.4
Great Britain	206
Brazil	169.1
Hong Kong	146.6
Russia	124.2
Taiwan	119.6
Switzerland	84.4

(Dobrescu, 2010, p.123)

China has invested money, not only in its own economy but it also invested in bonds issued by the U.S. Treasury, relying on the fact that this investment is considered to be the safest despite the increased U.S. indebtedness. Basically, the money invested by China in the U.S.A. continued to supply the U.S. consumption, which was based on Chinese products. The Chinese state is the one that continues to make macro-economic decisions with effects on the medium and long term, while ensuring the annual rate of growth.

1.3. China - unique performance in the world

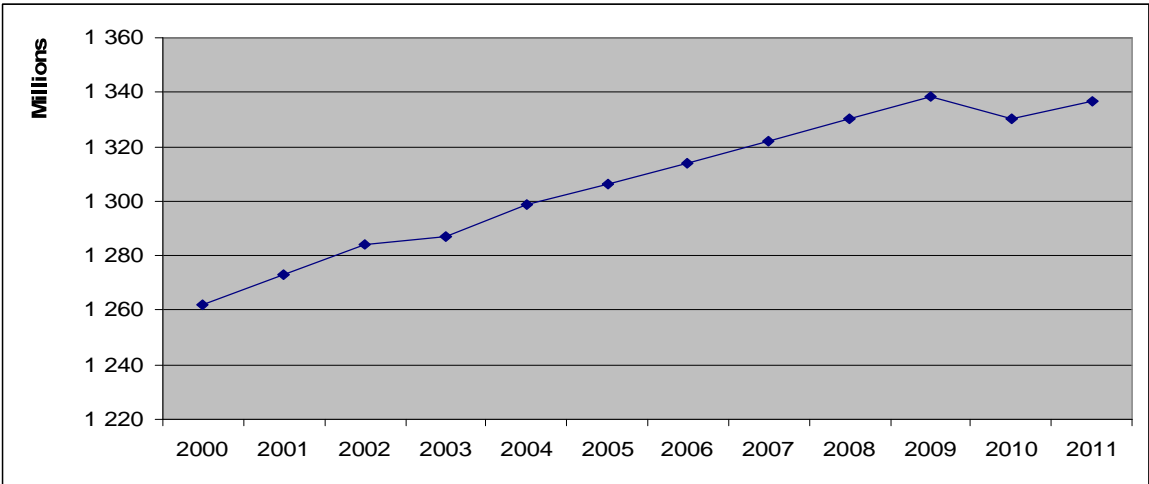
In only 30 years, through a process of industrialization and urbanization, which in Europe has lasted more than 200 years, China has managed to save 400 million people from the most severe poverty. The economic and social performance has modeled in its turn a new attitude, a different kind of confidence. 30 years ago, poverty greeting you everywhere was something normal, even socialism was overwhelmed by poverty. Today, the situation of the 100 million Chinese who still live in severe poverty is neither seen as inevitable nor as acceptable, it seems to be only a matter of time.

Another special performance regards China’s contribution to the global growth. The impressive national growth and the frequency of achieving it have increased the economic power of this country in the world hierarchy.



Graph no.1. China GDP growth rate
 (<http://www.tradingeconomics.com/china/gdp-growth-annual>)

The Gross Domestic Product (GDP) in China expanded 7.6 percent in the second quarter of 2012 over the same quarter of the previous year. Historically, from 1989 until 2012, China GDP Annual Growth Rate averaged 9.2700 percent reaching an all time high of 14.2000 percent in December of 1992 and a record low of 3.8000 percent in December of 1990. The annual growth rate in Gross Domestic Product measures the increase in value of the goods and services produced by an economy over the period of a year. Therefore, unlike the commonly used quarterly GDP growth rate the annual GDP growth rate takes into account a full year of economic activity, thus avoiding the need to make any type of seasonal adjustment. (China GDP Annual Growth Rate, www.tradingeconomics.ro)



<http://www.indexmundi.com/g/g.aspx?c=ch&v=21>, (accessed 29 August 2012).
 Graph no. 2. China’s population in 2000-2011 (million people)

The most populated state in the world, with almost 1.34 billion people in 2011, that is 20% of the world population, China is the third largest state regarding its surface, meaning 7% of the world total, after Russia and Canada.

In the entire history of China, the population had an overwhelming role. Today the demographic vector becomes even more relevant as it is linked to the economic one and forms “the Chinese circles of gravity” (Huntington, 1997, p.251). The economic power of the Chinese population is very important as, compared to other states, it is significant: 90% of Indonesia, 75% of Thailand or 60% of Malaysia.

The sphere of prosperity in China is strong because it is based on two pillars: ethnic and economic. In historical order, the ethnic is prevailing, as the Chinese people traditionally migrated south and southeast, where they developed the special economic zones, those enclaves that have attracted FDI and have mostly absorbed cheap force labor. At present, the Chinese population is heading north, attracted mainly by the demographic scarcity, less common elsewhere in the world.

According to data published by tradingeconomics.com, the gross domestic product per capita in China was last reported at 8442 US dollars in 2011, when adjusted by purchasing power parity (PPP), according to a report published by the World Bank. The GDP per Capita, in China, when adjusted by Purchasing Power Parity is equivalent to 35 percent of the world's average. Historically, from 1980 until 2010, China GDP per capita PPP averaged 2221.5 USD reaching an all time high of 7598.8 USD in December of 2010 and a record low of 249.9 USD in December of 1980. The GDP per capita PPP is obtained by dividing the country's gross domestic product, adjusted by purchasing power parity, by the total population. This page includes a chart with historical data for China GDP per capita PPP.

2. Conclusions

Globalization is a controversial process consisting essentially in the stronger integration of countries and their population, as a result of the significant reduction of transportation and communication costs and the elimination of the artificial barriers in the way of movement of goods, services or capital. The growth of international trade, the massive international financial flows and the activities of multinational corporations link the countries of the world more closely to each other, thus turning globalization into an actual feature of the world economy.

The nineteenth century was dominated by the British Empire, the twentieth century by the United States, and the twenty-first century presents, after the first decade, enough arguments to foreshadow the Sino-American domination in a globalized world. If we consider the size of China and its population, the constant economic growth, the speed and the scale of the social and economic transformation, the evolution perspectives confirmed by the current global crisis, we can say that we deal with the most important geopolitical event of the century XXI, and maybe the most important progress of a country, not only in the modern era, but for the whole development of mankind (Dobrescu, 2010, p.132).

For the following decades it seems that the BRICS group – Brazil, Russia, India, China and South Africa – will occupy an important position in the world economic complex, with great potential for growth, and of the member countries, China can be observed by far, having all chances to become the first world economy around the year 2021, according to the latest forecasts. China's growing role in the regional and global economy and geopolitics obliges us to consider China from a new perspective: an emerging economy capable to influence the effects and the duration of the economic crisis and also a powerhouse that plays an increasingly important role on the global geopolitical scene, with has all the advantages of a winner.

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