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THE CHINA EXPERIENCE

AS A CONTRIBUTION FOR A NEW ECONOMIC PARADIGM

## 中国经验对新经济范式的参考价值

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### INTRODUCTION

Pope Francis has called for a change in the current economic paradigm, taking into account integral human development. With the current crisis of the pandemic, climate change, and global recession, China is foreseen to be one of the very few countries that register a positive economic growth this year. With the sheer size of her economy and her own characteristics, China does not pretend that her development model could be an example for other countries. However, there may be something that the China experience could inspire in us. Therefore, in this paper, I would like to focus some points for consideration.

#### Relationship between Developed and Less Developed Regions

The Chinese experience of prosperous coastal provinces paired with and helping poor provinces in western China can be shared and proposed at the international level for the assistance and relationship between developed and developing countries.

Deng Xiaoping once famously said “to get rich is honourable.”

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That unleashed tremendous potential for economic reform and the opening up of China. More significantly however, the second part of his quote was often left unnoticed. He said that we permit some people and some regions to become prosperous first, for the purpose of achieving common prosperity. Therefore, common prosperity is the key and the main objective.

It has been a long tradition for China to pair rich coastal provinces with poor ones in the western region to offer assistance for poverty relief. A program initiated in 1996 was upgraded in 2015 with precise policies and diversified measures to reduce poverty through industrial development, labour transfers, resettlements and ecological protection projects. Over the years, the World Bank started to offer loans to targeted provinces, such as Guangxi Zhuang Autonomous Region and Shaanxi Province, according to a report on poverty alleviation, to support cooperation between farmers' cooperatives and agricultural enterprises and to develop the agricultural value chain. (Lu, 2017)

The transfer of clean technologies to developing countries is also the responsibility of developed countries, in order to solve the global environmental crisis and to safeguard our common home as humanity, as it is stressed in the *Compendium of Social Doctrine of the Catholic Church* (Pontifical Council for Justice and Peace, 2006, par 475). The interprovincial experiences within China could be regarded as a reference.

In a recent symposium with business leaders, Xi Jinping launched a new "Go West" development plan to counter post-coronavirus geopolitical risks and obstacles posed by US-China decoupling, as reported in an article in the *South China Morning Post* (June 22, 2020). The idea is to form a new development pattern, a "dual circulation" strategy, with a domestic circulation (国内大循环) between the prosperous eastern China and the less-developed western China as the main body, and the domestic and international

circulations mutually promoting one another (国内国际双循环).

### New Economy System with Asian Values

The Magisterium of Pope Francis speaks of an integral approach to a new economic system, taking into account the relationship with the ecological system, social justice, respect for other cultures and fraternity. This new paradigm could integrate economic models from the "chopsticks cultural sphere" with Confucian ethics and Asian values such as harmony, diligence, frugality and a high-savings rate.

While Chinese scholar and environmental activist Liao Xiaoyi (Moriggi, 2017) rejoices at the encyclical and finds many similarities with the "ecological civilization" that China is promoting in recent years, a preminent American scholar on process philosophy, John Cobb (2015, p. i-iv) believes that China has the conditions and stands a good chance of achieving an ecological civilization.

A combination of a "Targeted Poverty Alleviation Strategy (TPAS)" and an age-old practice helped achieve poverty alleviation. The Chinese government officially adopted TPAS (精准扶贫) in 2014. Premier Li Keqian in a report urged local governments to take targeted measures integrating resources to ensure that assistance reaches poverty-stricken villages and households. Village work teams were sent to targeted areas to analyse demand, make development plans, and coordinate assistance resources. The government takes measures such as encouraging banks to give microloans to farmers, setting up rural cooperatives to allow farmers to put together their resources to raise production. Combined with TPAS, they also practice the age-old saying, "Give a man a fish, he will eat for a day. Teach him how to fish, you feed him for a lifetime (授人以鱼不如授人以渔)."

Statistics show that starting from 2012 an average of 1.3 million poor people in China cleared the poverty line per year (Zhuang, 2018). As administered by a secular government, China has attained remarkable achievement in poverty alleviation. Two years ago, the World Bank data indicates it as unprecedented, China accounting for 70% of the world's total poverty reduction figure (Liu, Fang, & Cheng, 2018).

### Meritocracy and Wise Governance

Last but not the least, a crucial point in the China development model is her particular system of governance and government's role in guiding sound policy for the common good of the country. Confucianism emphasizes meritocracy and wise governance.

At the beginning of the reform and opening up of China, there were two major factors: Active integration in the globalized industrial chain and division of labour. The gradual transition from the early 80s "three-plus-one trading mix" (encouraging production, processing and assembly for foreign orders combined with government subsidy) to the current sound industrial system, China has benefited concretely from globalization.

Although economic development is dominated by market mechanisms, the government's role is essential in guiding industrial policies in certain key areas such as new energy, high-speed rail manufacturing, and electric vehicles. Without these industrial policies, China's economic development would be uneven, similar to Latin American and some Asian countries with only one or two industries with comparative advantage, and would be economically vulnerable. These factors are related to sound government industrial policy, and also a diligent and skilful workforce.

China's ability to seize the dividends of globalization is also directly related to her high talent pool. She has effectively invested in education

(nine-year-free compulsory education, strong state subsidies for universities), in the ecological environment, and in poverty alleviation. They are all interconnected. It is related to the "endogenous development" (development from within its culture) ability of the Chinese government, which make its leadership outperform populist leaders coming from the so-called liberal democratic system, who proved to be divisive for the people and the country.

China has clear policy programs: the four modernizations in the Deng Xiaoping era, the "two centenaries" goals proposed by Xi Jinping, and national leaders selected by the Central Organization Department made the Chinese Communist Party, the ruling party, strong and capable of governing. These internal strengths, apart from integrating with the global economy, led China to her current achievements.



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