



A Chinese Dream

In January 2010 Colonel Liu Mingfu of the PLA National Defense University published the volume *Zhongguo Meng* (“Chinese Dream”), which immediately became a bestseller. Its underlying notion of the “post-American era” (as in the subtitle) in global markets was well received during the times of crisis. What was enjoyed by the Chinese audience even more was its message: once it was the American dream that fascinated the world, and now, with China growing stronger and stronger, could it be that a Chinese dream will replace it?

In the current issue of the “Pulaski Policy Papers” Senior Fellow at the Casimir Pulaski Foundation Prof. Bogdan Góralczyk analyses the possible developments in China after the election of the fifth “generation of leadership”. “Everything points to the fact that Chinese economic policy will have to change. Why? The previous, successful growth model based on expansion and rapid growth is not possible to keep because of huge social costs. The “fifth generation” must give China a “second transformation” and a new growth model. The first was based on rapid growth, export and expansion, the second should be based on sustainable growth, a “green economy” and innovative society. All this requires a shifting of funds from growth encouragement to welfare.”

We encourage you to read the new issue of the “Pulaski Policy Papers”!

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The Casimir Pulaski Foundation is an independent, non-partisan think tank with a mission to promote freedom, equality and democracy, as well as to support actions of strengthening civil society. The foundation carries out such activities as conducting scientific research, preparing publications and analyses, organizing seminars and conferences, providing education and support for leaders in Poland and abroad. The Casimir Pulaski Foundation is one of only two Polish institutions that have a partnership status with the Council of Europe and is a member of the Group Abroad – an umbrella organization of top 40 Polish NGOs working outside of Poland.

Bogdan Góralczyk

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Senior Fellow at the Casimir Pulaski Foundation, Professor at the Centre for Europe, University of Warsaw, former diplomat to some Asian states. Lately he published (in Polish) *The awakening of the dragon. The return of China to the global arena. His biography of the „Father of republican China”, Sun Yat-sen, will be published in April this year.*

In January 2010 Colonel Liu Mingfu of the PLA National Defense University published the volume *Zhongguo Meng* (“Chinese Dream”), which immediately became a bestseller. Its underlying notion of the “post-American era” (as in the subtitle) in global markets was well received during the times of crisis. What was enjoyed by the Chinese audience even more was its message: once it was the American dream that fascinated the world, and now, with China growing stronger and stronger, could it be that a Chinese dream will replace it?

New generation, new challenges

However, according to Liu Mingfu, in order for this to happen, one must have a vision and clearly defined goals. Thanks to this a “Chinese era” shall arrive, and the Middle Kingdom will be “first in the world” in times of a new world order, in which there will be no hegemonic leader. In order to achieve this, one must not only continue to strengthen the economy and the country, but also the armed forces, and when it comes to relations with other countries pay great attention to the current leader – the USA. The book was widely commented among Chinese intellectuals, but its real political career started when the newly elected General Secretary of the Central Committee of the Communist Party of China (CPC), Xi Jinping, used the very term “Chinese dream” during his first public meeting in November 2012. Since then it has settled in the discourse of the Chinese media, with a period of peak interest (for the time being) during the spring session of the National People's Congress (NPC – the parliament), at which the new, fifth “generation of leadership” was elected: Hu Jintao, the former leader of the country (i.e. the equivalent of our President) was replaced by aforementioned Xi Jinping, and the technocrat Li Keqiang became Prime Minister.

During the NPC's March 17, 2013 session, at his first public speech as President, Xi Jinping once again used the term “Chinese dream”. What is more, celebrities started appearing in commercials in the Chinese media, defining what “Chinese dream” meant to them.

It seems that it was the former President Hu Jintao who gave the most accurate definition of China's current situation: “unprecedented chances and unprecedented challenges” lie ahead of us.

Unprecedented chances

The unprecedented chances are linked with the latest Chinese successes. In 2009 the PRC became the world's biggest exporter, outrivalling Germany, then it grew to be the world's second economy, this time beating Japan, and in 2013 it became the world's greatest trading country. It has a lot to sell, since production is still growing. It also has a lot to manage: China owns the world's biggest foreign-exchange reserves, estimated at 3.4 trillion (roughly 6 times Poland's yearly GDP!). What is more, the vast majority of organizations, including the OECD, the CIA and the World Bank, do not rule out the possibility of China, under the leadership of the Xi Jinping – Li Keqiang duet, outrivalling the U.S. and becoming the world's first economy in the next decade. This is the first unprecedented chance mentioned currently.

There is another reason, no less important from Beijing's point of view. It also could, as the first one, influence not only Chinese self-esteem and self-regard, but also shape the new world order. What is meant here is the long-advocated slogan of “the great renaissance of the Chinese nation” (*Zhonghua minzu wei da fuxing*), which has now, in the eyes of both

many NPC delegates and also commercial-starring celebrities, been connected with the “Chinese dream”, therefore creating a dyad. What is meant by it, the second most paramount task of the “fifth generation of leadership” and the second “unprecedented chance” is a reunification with Taiwan. Even more important talks between experts concerning the preparation of an appropriate agreement have been under way since December 2012. For many external observers the PRC is still a Communist and autocratic country. And yet the PRC and Taiwan joined together will emerge as a new superpower, regardless of what system will be adopted and what the essence of the agreement between the entities on both sides of the Taiwan Strait will be.

Today, as professor David Shambaugh, one of the best Western experts on China, justly wrote in his 2013 book, Beijing is still a partial power, ergo a partial superpower. However, if the Chinese leaders were to accomplish the two aforementioned goals in the next decade, or even come close to accomplishing them, then the outsider view of the role of China would have to change drastically.

Unprecedented challenges

The real dilemma lies in the fact that nothing is yet decided when it comes to modern China, since the list of “unprecedented challenges” is much longer. Li Keqiang, the new Prime Minister, paid a lot of attention to those challenges during his press conference on March 17, 2013.

The problem of fighting corruption (*fan fubai*) was dealt with extensively during the NPC session. Prime Minister Li announced a curbing of the number of people employed in government departments, limiting the number of government villas and apartments, as well as receptions, official trips, cars and equipment (i.e. telephones, tablets etc.) given to officials. He also called for extending these new habits to lower levels of administration. However, one question still remains – whether it is possible to accomplish such a feat in a culture in which mutual relations (*guanxi*) and the tradition of “giving envelopes” and gifts is so deeply rooted.

In any case the problem is much bigger. In China there has been an unprecedented takeover of the government-owned property by CPC officials. On its road of rapid growth China has witnessed incredible social stratification. According to independent estimates the Gini coefficient is over 0,5 in China, therefore rendering it higher than in the U.S., the cradle of global capitalism. It is widely accepted that over the level of 0,4 social unrest begins – a fact more and more visible in the political landscape of China.

Chinese sociologists have acutely researched and quantified this delicate matter. Most social unrest and problems are connected with the destruction of the environment in the last three decades of swift growth. Other reasons include resettlements caused by big investments and abuse of power by local government officials.

The destroyed welfare system constitutes another problem. A large group of unemployed and the so-called *liudong renkou*, i.e. factory and construction workers from the countryside, devoid of any form of welfare and working for the lowest pay, has emerged in modern China.

Dreams or illusions?

Everything points to the fact that Chinese economic policy will have to change. Why? The previous, successful growth model based on expansion and rapid growth is not possible to keep because of huge social costs. The “fifth generation” must give China a “second transformation” and a new growth model. The first was based on rapid growth, export and expansion, the second should be based on sustainable growth, a “green economy” and

innovative society. All this requires a shifting of funds from growth encouragement to welfare. Previously China got richer as a country, now the goal is for the citizens to grow rich too. It has even been established that between 2012 and 2020 their earnings should double.

It is interesting, that the only major structural change unanimously acknowledged on the occasion of leadership change was establishing a Ministry of Health and Family Planning. Would it mean the end of the infamous – though economically successful – one child policy? The ongoing debate suggests that the Chinese society is dangerously aging.

Will the new, meritocratic and technocratic Beijing authorities build on “Chinese dream”-style assertiveness, or will they once again be pragmatic and react in advance to the accumulated challenges ahead of them? Will they listen to the famous Singaporean former diplomat Kishore Mahbubani, who called for a great convergence between East and West, i.e. China and the U.S., in his book of February 2013?

The answer depends greatly on the level to which the “fifth generation” will immerse in the assertive “Chinese dream”.

The Casimir Pulaski Foundation

is an independent think tank which specializes in foreign policy, with a mission to promote freedom, equality and democracy, as well as to support actions of strengthening civil society. The foundation carries out activities both in Poland and abroad, among others in Central and Eastern Europe and in North America.

The Casimir Pulaski Foundation was founded due to political changes that took place in Poland after 1989. The principal values of Casimir Pulaski (freedom, justice and democracy) are an inspiration for every initiative undertaken by the Foundation. A few of the Foundations activities include: conducting scientific research, preparing publications and analyses, organizing seminars and conferences, providing education and support for leaders (www.instytutprzywodztwa.pl).

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