China in the World Economic Landscape - The World Significance of China's Economic Development

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Abstract. Since the reform and opening-up in 1978, the shortcomings of the planned economic system have been gradually improved, and China's economy has been developing rapidly and has made many brilliant achievements. At the same time, with the deepening of economic globalization, China's all-round, multi-level and wide-ranging opening-up pattern has gradually taken shape, and the economic ties between the new China and the world have become increasingly close. Therefore, the continuous development of China's economy is of great significance to many aspects of the world economy and politics. This paper will analyze and discuss the importance of China's economic development to the world from three perspectives: the promotion of China's economic development to the world economy, the significance of China's increased economic strength to the stability of the world pattern, and China's economic assistance to other countries in the context of the epidemic.

Keywords: Reform and opening-up, globalization, Chinese economy, world significance

1. Introduction

Based on the economic construction in the first 30 years after the founding of New China, the reform and opening-up has led to the gradual transition of China's economic system from a planned economy to a market economy, eventually establishing a socialist market economy system that is in line with China's national conditions. Under this economic system, China's economy has developed rapidly, and in 2021, China's annual GDP reached 1,143,670 billion yuan [1], an increase of about 310% [3] compared to 3,679 billion yuan [2] in 1978, ranking firmly as the second largest in the world. At the same time, China's economy has also made a series of remarkable achievements. For example, China's industrial structure has been continuously optimized, with the proportion of the output value of primary, secondary and tertiary industries changing from 27.7:47.7:24.6 in 1978 to 7.9:40.5:51.6 in 2017, with the proportion of the primary industry declining significantly and the proportion of the tertiary industry rising rapidly[4]; China's poverty population has been reduced by 740 million, contributing to more than 70% of global poverty reduction, and is the first country to achieve the United Nations Millennium Development Goals (MDGs) to halve the number of people living in poverty, setting a world record for the largest number of people in poverty reduction in the world and the largest contribution to world poverty reduction[5].

While achieving rapid economic growth and many economic achievements, China's continuous economic development is also of great global significance. As the world's second largest economy and an important part of the world economy, China's economic development has played an indispensable role in promoting the development of the world economy; the growing Chinese economy has challenged the "dominant" economic position of the United States, promoted the multipolar development of the world, and contributed to the stability of the world landscape; at a time when the new epidemic is rampant, the efficient operation of China's economy has contributed to the development of the world economy. Today, the efficient operation of China's economy can ensure its assistance to other countries and unite all countries in the world to overcome the epidemic.

China is currently at the historical intersection of the "two hundred years" goal, facing both historic development opportunities and unprecedented challenges [6]. Therefore, an analysis of the global significance of China's economic development is helpful to clarify the international advantages of

China's economy, seize the international economic opportunities, and summarize the experience to better face the international economic challenges in the new era.

2. China's economic development has contributed to world economic growth

China's economy has continued to develop since the reform and opening-up and has played an important role in driving the growth of the world economy. According to data released by the National Bureau of Statistics, China's contribution to world economic growth was 27.5% in 2018, 24.4% higher than in 1978[7]. As of 2021, China's economic growth rate ranks among the world's major economies and has become the first engine of world economic growth for the sixteenth consecutive year, and its contribution to driving world economic development cannot be underestimated [8].

2.1. Trade Area

The world economy is a worldwide economic whole constituted by the interconnection and dependence of the world economies. In the first eleven months of 2021, the total value of China's imports and exports reached RMB 35.39 trillion, exceeding the size of the whole year of 2020, and achieving eighteen consecutive months of positive growth in foreign trade, dispelling concerns about whether China's foreign trade could continue to improve under the epidemic. At the same time, a number of economies in the slow recovery process to form "just demand" for Chinese goods. China's complete and dynamic industrial system plays an important role in stabilizing global supply chains by capturing orders and preserving supply. CNN commented that China's continued growth in foreign trade figures has helped to ease global anxiety about economic stagnation at a time when the world is busy dealing with a new epidemic and a shipping crisis [9].

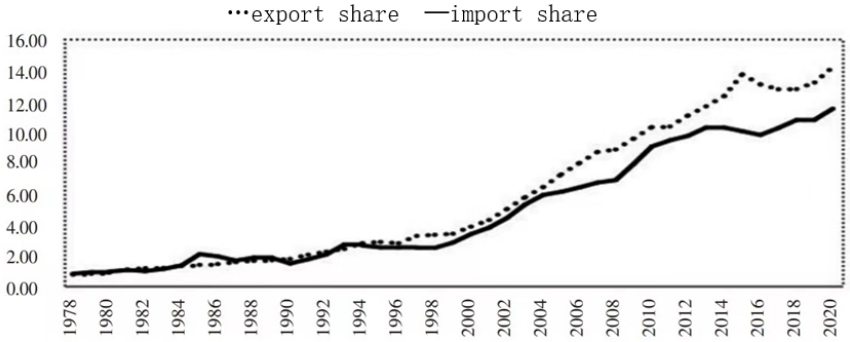


Fig 1. China's merchandise imports and exports as a share of the world, 1978-2020 (%)[10]

As can be seen, China, with its high quality and stable economic growth, has strongly countered the voices of counter-globalization with its own actions by strengthening import and export trade to bring the economies of the world closer together. By using the international market under the management of the World Trade Organization, upholding the principle of mutual benefit and reciprocity, and responding to the trend of globalization, China has made an important contribution to the recovery and development of the world economy while promoting domestic economic development through foreign trade.

2.2. Investment Area

Capital flow is also one of the ways to link countries' economies organically. In terms of attracting foreign investment, since the reform of the economic system to transform into a market economy, the structure of attracting foreign investment in China has been optimized and the attractiveness of foreign investment has been increasing, mainly under the guidance of "science and technology is the first productive force", China's high-tech industries have been developing and become the key areas for absorbing foreign investment; thanks to the "Western Development" strategy, the central and western regions of China have created a lot of opportunities to attract foreign investment. "In the first four months of 2022, the actual amount of foreign investment used in China was 478.61 billion RMB,

an increase of 20.5% year-on-year [11]. In terms of outbound investment, the "Belt and Road" initiative proposed by China in 2013 has played a key role. Aiming to create a new pattern of China's all-round opening-up to the outside world, the "Belt and Road" has expanded mutual investment fields, accelerated the process of investment facilitation, encouraged domestic enterprises to participate in infrastructure construction and industrial investment in countries along the route, and more and more Chinese enterprises have responded to the national call to "go global"[12]. "In 2021, China's direct investment in countries along the "Belt and Road" was US$20.3 billion, an increase of 14.1% year-on-year, making a positive contribution to the economic development of the host countries; the industry's outward direct investment was 936.69-billion-yuan RMB 936.69 billion, an increase of 2.2% year-on-year [13].

This shows that China's foreign investment and investment focusing on the "Belt and Road" is by no means a "Marshall Plan" to curb the development of other countries in the name of economic assistance, but aims to create a new platform for international cooperation and add new momentum to the common development of the world's economies.

2.3. Consumer Area

Although the new crown epidemic has had a negative impact on China's consumption, with the final consumption rate (consumption to GDP ratio) at 54.3% in 2020, down from 57.8% [14] in 2010. However, there is still more room for growth in China's consumer demand and imports, and consumption is also still the first driver of economic growth [15]. In particular, the continuous development of online consumption during the epidemic, together with the increase in per capita income and the recovery of the rural market driven by the overall victory in the fight against poverty, have played an important role in driving the recovery and development of the consumer market in China. In 2021, China's per capita disposable income will be 35,128 yuan, an increase of 8.1% compared to 2020; total retail sales of consumer goods will be 44.1 trillion yuan, an increase of 12.5% over 2019 and 8% over 2019[16]. It is evident that China's consumer market is steadily developing in the post-epidemic era. Combined with the discussion in the trade area, in 2021, China's total imports of goods amounted to RMB 217,340.8 billion [17]. The import amounts of major commodities have increased, and it is a major export market for countries and organizations such as the United States, Japan, Korea, the European Union, and ASEAN.

In conclusion, at present, there are still uncertainties in the global epidemic and economic environment, and the dependence of global trade on the Chinese market is still high, and the first recovery of the Chinese market will undoubtedly play an important role in the stable growth of the world economy

To sum up, China, as the world's second largest economy, opposes unilateralism and trade protectionism, advocates multilateralism, actively follows the trend of economic globalization, continuously increases the reform and opening-up efforts, and improves the level of opening-up to the outside world, which has a very positive significance to the development of the world economy while its own economic development is of high quality.

3. China's Economic Development Helps Stabilize the World Landscape

While Western Europe was devastated by the Second World War, the United States, which benefited from the Second Industrial Revolution and rapid industrial development, was virtually unscathed on its home soil because it was far from the main battlefield. At the same time, the implementation of the Lend-Lease Act enabled the United States to make "war money" through loans, export of weapons and surplus agricultural products, and replaced the former "Empire of the Sun" - Britain - as the new world hegemon. -Britain became the new hegemon of the world.

In order to consolidate its hegemony, at the end and after the end of World War II, the United States took a series of economic measures: in July 1944, under the leadership of the U.S. "White Plan", the Bretton Woods system came into being[18], the gold exchange standard system based on

the dollar-gold was established, and the international monetary system centered on the dollar In April 1948, under the guidance of the "Truman Doctrine", the United States introduced the "Marshall Plan", ostensibly to the post-war Western Europe for economic aid, but in fact gradually control the Western Europe. In April 1948, under the guidance of the Truman Doctrine, the U.S. introduced the Marshall Plan, which ostensibly provided economic assistance to post-war Western Europe, but in fact gradually controlled the Western European economy to contain Soviet expansion. Through these measures, the hegemonic position of the United States was further strengthened.

At the same time, the U.S.-led capitalist world economic system after World War II also brought about many unstable factors: the Cold War between the U.S. and the Soviet Union, the arms race between the two sides, including the Cuban missile crisis, even brought humanity to the brink of nuclear war; in order to oppose the world colonial system dominated by developed capitalist countries, a large-scale national liberation movement was launched worldwide after the war with the fight for national liberation and national independence as the main content In order to oppose the world colonial system dominated by developed capitalist countries, a large-scale national liberation movement was launched globally in the post-war period with the struggle for national liberation and national independence, and the struggle against imperialism and hegemony[19]; the local hot wars represented by the Korean War and Vietnam War were a direct threat to world peace and stability.

And the continuous growth of China's economy since the reform and opening up has played a role in maintaining the stability of the world pattern. in 1991, China joined APEC; in 1999, China joined the Group of Twenty (G20) as a founding member of the world economy; this has not only increased China's voice in the world economic system, but also increased the voice of emerging market countries and developing countries [20], which is conducive to the development of economic globalization and world multipolarity.

In the 21st century, China's economic growth has been increasing, and it has gradually become an important player in the world economic development pattern, and its stabilizing effect on the world pattern has been further manifested. In 2001, China joined the World Trade Organization (WTO), marking its formal integration into the capitalist world economic system and adding new vitality and momentum to the world economy. 2008, in the face of the global financial crisis, China implemented a proactive fiscal policy and a moderately accommodative monetary policy through macroeconomic regulation and control to maintain stable economic growth. By 2014, China's manufacturing output accounted for about 25% of the world's manufacturing output, and more than a quarter of the global real economy wealth was created by China. 2009-2015, the average world economic growth rate was only 2.07%, while China's GDP still grew at an average annual rate of 8.41% [21], making an important contribution to the recovery and development of the post-crisis world economy. made an important contribution to the recovery and development of the post-crisis world economy.

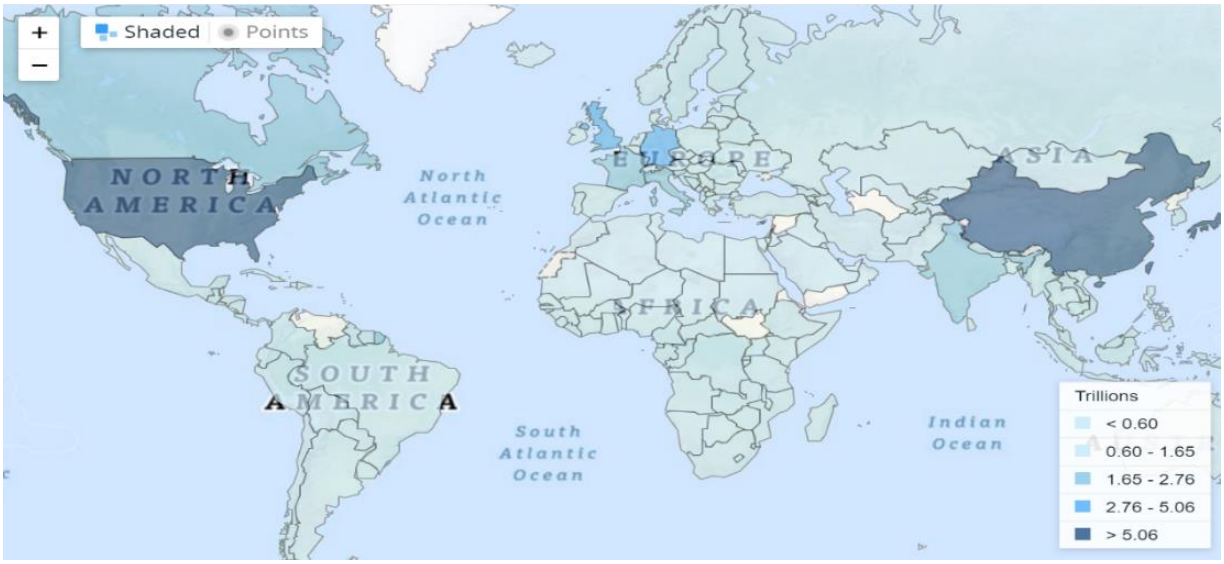


Fig 2. GDP statistics by country in 2020 (current US$) [22]

In 2010, China's GDP surpassed that of Japan and became the world's second largest economy, further enhancing its world economic status and international influence, and further opening the door to the outside world, jointly with the U.S. as G2[23]. In contrast, Western economies such as the U.S. have been slow to recover, and phenomena such as trade protectionism and reverse globalization have emerged. 2017 saw the inauguration of Donald Trump as U.S. president and the announcement of the U.S. government's withdrawal from the TPP (Trans-Pacific Partnership Agreement), the Paris Agreement and the World Health Organization and other international organizations, the political and economic uncertainty of the United States at the center of the world has further increased [24]. In the face of this international situation, China has proposed a Chinese solution to global governance, upholding the global governance concept of "discuss, build and share "[25] and actively carrying out foreign economic cooperation to comply with the trend of globalization, counterbalance hegemony and trade protectionism, and maintain the theme of peace and development of the times.

4. China's economy helps the world weather the epidemic together

The outbreak of neo-crown in 2020 has caused a great threat to life safety while also causing a serious setback to the world economy. As of July 6, 2022, the global number of confirmed cases of neo-crown has reached 551,203,780 and the number of deaths has reached 6,342,225[26]. On the economic front, the world economy declined deeply by 3.1% year-on-year in 2020, among them, developed economies fell 4.5%, emerging markets and developing economies fell 2.1%[27]. As the first country to respond to the epidemic and as a responsible international power, China took timely measures to stabilize its society and economy, and actively assumed its international responsibility to help other countries to overcome the epidemic together.

4.1. China's economic responses

As the first country to have an outbreak, China adopted a prudent monetary policy and an active fiscal policy to stabilize the social economy at the beginning of the epidemic. For example, it increased financing support for regions, industries and enterprises severely affected by the epidemic, strengthened financial services for key areas and weak links such as advanced manufacturing, poverty alleviation and employment, and helped resume work and production; and proposed specific and detailed financial support and tax relief for individuals, enterprises, institutions and local finance in terms of financial security, support for production, and protection of the basic livelihood of the needy groups. measures, providing sufficient guarantees to win the war against the new crown pneumonia epidemic [28]. At the same time, China also vigorously developed the Internet online economy and strengthened infrastructure construction to protect people's livelihoods while stimulating demand.

In April 2022, the Central Committee of the Communist Party of China (CPC) put forward the opinion of accelerating the construction of a unified national market[29] to promote a new development pattern based on domestic demand in the face of international economic uncertainties, with the "large domestic cycle" as the mainstay and the "dual domestic and international cycles" promoting each other In the face of international economic uncertainties, China has been able to maintain economic stability through the above measures.

As a result of these measures, China's economy grew at the highest rate among major economies during the epidemic, especially in 2020, when it became the only country in the world to achieve positive economic growth. The recovery and development of the domestic economy has laid a solid foundation for China's foreign aid.

4.2. Assistance to the world

While the domestic economy was stable and improving during the epidemic, China did not forget to reach out to other countries that were suffering from the epidemic. As China took the lead in resuming work and production, it played an active role in the emergency supply of global shortages due to the advantages and competitiveness of its supply chain and industrial chain brought by its

complete industrial sector, perfect infrastructure and advanced scientific and technological talent team [30]. During the New Crown epidemic, China carried out the longest and largest humanitarian assistance since the founding of New China: in 2020, China provided a large number of epidemic prevention materials such as 4 billion protective clothing, 6 billion testing reagents, and 350 billion masks to 150 countries and 13 international organizations, and sent 37 medical expert teams to 34 countries; in 2021, China provided more than 120 countries In 2021, China will provide more than 2 billion doses of vaccines to more than 120 countries and international organizations, accounting for the first place in the world[31]. And it is China's steadily developing productivity that supports this assistance.

When the epidemic brought heavy disasters to the world, China took practical actions to practice the concept of the community of human destiny and took the initiative to lend a helping hand to the world to help countries tide over the difficulties together, demonstrating its international responsibility and commitment as a great power.

5. Summary

Based on the first 30 years of economic construction, China's economic development brought about by reform and opening-up has not only had a profound impact on the country, but has also been of great significance to the world. China's economic development has contributed to the growth of the world economy, maintained the stability of the world landscape, and helped countries to tide over the epidemic together. In this world of "unprecedented changes in a century", China will continue to adhere to the trend of globalization, vigorously develop its economy and make greater contributions to the world.

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