



**International
Relations
Multidisciplinary
Doctoral School**

THESES OF THE PhD DISSERTATION

of

Balázs Sárvári

Economic Policy and Geopolitical Aspects of the Chinese Development 1949-2007

Supervisor:

**Dr. László Trautmann CSc
Associate professor**

Budapest, 2017

Department of World Economy

THESES OF THE PhD DISSERTATION

of

Balázs Sárvári

Economic Policy and Geopolitical Aspects of the Chinese Development 1949-2007

Supervisor:

**Dr. László Trautmann CSc
Associate professor**

© Balázs Sárvári

Table of Contents

I.	Justification of Topic	4
II.	Hypotheses	6
III.	Methods used	7
IV.	Results of dissertation	8
V.	Main references.....	10
VI.	Publications in the field	13

I. Justification of Topic

After the unipolar 1990s, a normative search for a new model of international cooperation has commenced. As unipolarity is fading, there is a shift toward multipolarity, albeit it still entails polarized interests. Yet, that unipolarity is no more does not necessarily mean that poles exist. This “pole-less” vision (in other words, a *global partnership* vision) was expressed by Xi Jinping when he stated that “[n]ot only should China adhere to the peaceful development road; but other countries must also commit themselves to the peaceful development road” (see Zhang, 2015, 10). In the long run, the peaceful coexistence cannot be an outcome of strong actors dictating the norms of conduct to smaller actors. The fundamental normative principle of peaceful cooperation is that all actors – irrespective of their capacities – are unified in a shared commitment to maintain the global peace-ensuring mechanisms.

Our age is in a transition period in which China is becoming increasingly involved in globalization processes. China’s ever stronger presence in global networks will gradually make these networks acquire Chinese characteristics; therefore, the focus of scientific researches should be on how China joins globalization rather than on how China modifies the current workflow or how China spreads its own global narrative around the world. In other words, “China is seeking to ‘supplement’ the existing international order rather than to revise it” (Godement, 2015, 2), and this restructuring does not mean the weakening of the USA, but a turn to global partnership, which empowers developing countries.

Chinese cultural heritage may provide missing messages for global institutions: how to reach long-term sustainability and efficiency, and how to accommodate to Eastern cultures. These are the two basic pillars of global peace, or otherwise of enhancing the normative convergence all around the world. We would not like to suggest that western religious tradition needs the East to solve the problems of the world (as Voltaire suggested), but we state that both sides have to have the ability to understand and cooperate with each other. Basically, this means global harmony of all high cultures in the world, which may be the foundation of global institutions in the current wave of globalisation; as Buzan says:

“Peaceful rise involves a two-way process in which the rising power accommodates itself to rules and structures of international society, while at the same time other powers accommodate some changes in those rules and structures by way of adjusting to the new disposition of power and status.” (Buzan, 2010, 5)

“Peaceful rise” itself is not a historical fact, it’s an idealistic goal that is based on all levels of international cooperation – this is the meaning of the term “two-way process”. Since this goal is impossible to be achieved by China alone, it requires continuous harmony among the actors of the international arena to create the necessary conditions. This proves that the common global interests are the sources of competitiveness.

Confucian and Taoist values, China’s history and its solutions for creating a unity within the Great Wall serves as an example for global powers in the 21st century in forming a sustainable method of solving global and regional issues.

China is the world's *oldest* civilization that has continuously preserved its characteristics. This unique path of development motivated Fukuyama to start his new bestseller, *The Origins of Political Order*, with analysis of Chinese tradition.

“The five years between 2005 and 2010, for example, have marked the appearance of three distinctive sets of literature whose academic and policy influence is likely to grow: neo-Tianxiaism (tianxia is a Chinese term usually translated as ‘all under heaven’) symbolized by the philosopher Zhao Tingyang, the project on China’s pre-Qin thoughts of international relations led by Yan Xuetong at Tsinghua University, and the ‘China model’ literature with inputs from Pan Wei at Peking University and various other scholars” (Zhang, 2008, p. 2).

On a global level, China’s political economic strategy is built upon its concept of world order. By the second half of the 1970s, the deterioration of the Marxist theories and the political opening of China led to an ideological vacuum that was filled by the teachings of Confucius on all levels of society. The Chinese refer to the whole world as Tianxia (“all-under-heaven”). As Yanli Gao notes, “the term of ‘all-under-heaven’ is the ideal and aspiration inherent in it for a certain ‘world institution’ or ‘world government’ based on this ideal” (Gao, 2008, p. 256).

China’s unique history that has preserved its civilization for thousands of years may be a supplement to the Western concepts of how to rule the world in the 21st century. China is relevant not only because of its massive population and territory, but also because of its exemplary traditions, which could be used as a model for stability in the world.

II. Hypotheses

- A. China's position in 21. century fits into the framework of *global partnership*.
 - a. The China-US relation may be described with *coevolution* instead of the zero-sum rivalry for the hegemon position. Coevolution is the application of global partnership onto the China-US relation.
 - b. Coevolution as the attribute of the China-US relation effects more and more the Chinese economic policy since the second part of the Mao-era, later on the reform and opening and afterwards in the 21. century.
 - c. The Chinese schools of international relations are expressions of this application.
- B. The economic policy of the Mao-era and the reform period after 1978 are both based on the Chinese high culture and a Western originated economic theory. During the Maoist period the Confucianist, Taoist characteristics were both represented in the decision making processes but dominated by the protototalitarian legalist tradition.
 - a. The content of the Great Leap Forward economic policy was partly the reflection to the Hungarian events in 1956.
- C. One pillar of the reform and opening after 1978 is the Chinese high culture.
 - a. The norms of the Chinese high culture accommodate with the global partnership and with its application: coevolution.
 - b. The Chinese high culture does not deny market forces but may accomoadte those.
- D. Factionalism is a key pillar of the Chinese development. This is not only a special framework but potentially a phase toward democratic plusalism..

III. Methods used

Based on historical timeline the dissertation focuses on theoretical and statistical comparison. Since it appears also in the name of the doctoral school, our aim was to apply multidisciplinary methods. Hence economics, political science, history and philosophy (of religion) all take main part of the approach.

There is a wide range of comprehensive publications on Chinese economic policy, history, tradition, regional position and its role in globalisation. However there is a lack of such analyses which would analyse China's current position in globalisation based on both the economic development of 1949-2007 and the Chinese high culture.

The fundamental sources include:

- Chinese authors publications in English – mainly: Zhao *Tingyang*, Sheng Hong, Gao Yanli, Feng Zhang, Xin Meng, Huang Yasheng, Zhu Xiaodong, Wang Yikai, Wang Ning, Dennis Tao Yang, Yao Yang.
- Original and secondary sources regarding Chinese high culture: Confucius, Lao-Tzu, Han Fei-ce, Kang Youwei, Feng Youlan. And the Western authors: Helmuth von Glasenapp [1993], Bor – Petersma [2010].
- Authors on world order: Brzeziński, Kissinger, Attali, Bremmer, Fukuyama, Huntington, Nye, Rodrik, Szentes T.
- Comprehensive publications on Chinese economic policy: Bachman, Breslin, Buzan, Godement, Naughton, Perkins, Ramo, Shambaugh, Shirk.
- There is a growing number of Hungarian scholars focusing on China: András Inotai, Gyula Jordán, Ottó Juhász, János Kornai, Péter Polonyi, Gergely Salát, Barna Tálás, Péter Vámos). As a subgroup we would like to link this analyses to those younger scholars who finished their research in the same or in other Hungarian PhD Schools: Csaba Horváth, Bernadett Lehoczki, Tamás Matura, Klára Mészáros, Judit Szilágyi, Ágnes Szunomár, Ágnes Törös, Andrea Sára Vári; Viktor Eszterhai, Tamás Gábor, Gyula Gulyás, Attila Kasznár, Attila Kormány.
- Regarding databases: Please turn to the 4th chapter.

IV. Results of dissertation

Following the framework shown above we proved the 4 main and 6 sub-hypothesis.

We described how does the framework of global partnership mean a possibility for moderating international conflicts in the 21. century. We compared this with the term coevolution by Kissinger and showed their common characteristics. Global partnership is based on the fundamental values of high cultures henceforward it incorporates the main elements of the Chinese high culture as well.

Regarding the Chinese traditional decision making we analysed factionalism and the main pillars of its high culture: Confucianism, Taoism, Legalism. We showed that non of these neglect market mechanisms and factionalism may be understood as the competing platform of these traditions.

The Mao-period applied mostly the Legalist tradition, but we showed that the Confucianist and Taoist values and narratives also appeared in the decisions. One of its best example was the policy of the Great Leap Forward which we discussed as a study case.

Mao's plan to pin the workers and peasants against each other was best illustrated by decentralisation. During this period, the geographic units (hsien) were responsible for determining the goals and maintaining themselves, disregarding the interest of other units. Abandoning these units in the lack of competence emphasised the importance of the mode of production over the output. That extreme form of territorialism meant that the local interests did not simply have preference over demands on the same level but also enjoyed priority over national and collective interests. [Choh-Ming Li 1964. p. 24-25]

Hence, Mao terminated the communal interests, distinguishing between and contrasting the regions and social classes. He isolated them by their self-indulgent interest as regional units. Dividing the labour by regional units could not solve the problems of allocation, but it did prevent the birth of interest groups along the lines of political goals. In this economic policy situation, the tension between the workers' class and the peasantry was specific and less typical than the tension between the workers and political elite would have been. This contrast served both the stability of the power and the continuous sustainment of the revolution.

The contrast between the population of the cities and the countryside, between social classes and regions was Mao's vision for solving the initial challenges of the new regime. The separation of political stability and economic efficiency was a tremendous mistake, which led to terror and tyranny. A prelude to this situation was the legalist tradition in China. Yet under these circumstances the accumulated capital of the cities and the industry could lead neither to economic performance nor to political stability.

After the death of Mao, Deng appeared as the main leader in factionalism. Regarding the reform period we argued that it reflected mostly the Maoist agenda, however on the policy level it meant a radical shift toward the Western institutions. Based on the experiences of the Maoist period Deng led the Chinese decision making toward a new era that reflected much more Confucianism and Taoism than the Legalist approach. As a result China implemented more and more the norms and routines that fitted to the wave of globalisation of that time.

The hybrid period of 1992-2007 combined the ideology of market- and policy-lead reforms. As China opposed the theory of the end of history it became a challenger of the institutional framework. Based on statistical, economic policy analyses we draw the phases of Chinese development from an isolated communist giant to a leading political-economic actor that applies and smoothly modifies the international arena.

As outcomes of this development new Chinese schools of international relations appeared in the first decade of the new century. Rooted in the economic policy of the period after 1949 these concepts express the factionalism dominated by the different pillars of Chinese high culture. Showing these characteristics we summarised the following approaches:

1. Radical approaches

- a) an extreme idealist aspect focuses on the pre-Qin period of the Chinese history
- b) the pure realists construct possible future scenarios envisioning an active Chinese military force and the expansion of China's economic power.

2. Moderate approaches

- a) neo-tianxiaism
- b) Pre-Qin Chinese Thoughts on Foreign Relations
- c) China model

V. Main references

- Brzeziński, Z. (2012): *Strategic Vision: America and the Crisis of Global Power*. Basic Books, New York DOI: <https://doi.org/10.12957/rmi.2014.12353>
- Buzan, B. (2010): "China in International Society: Is 'Peaceful Rise' Possible?" *The Chinese Journal of International Politics*. 3(1): 5–36. DOI: <https://doi.org/10.1093/cjip/pop014>
- Cheremukhin, A. – Golosov, M. – Guriev, S. – Tsyvinski, A. (2014): *The Economy of People's Republic of China from 1953*. NBER Working Paper No. 21397 DOI: <https://doi.org/10.3386/w21397>
- Fukuyama, F. (2012): *The Origins of Political Order: From Prehuman Times to the French Revolution*. Farrar, Straus and Giroux
- Fukuyama, F. (2013): *Life in a G-Zero World*. <http://www.the-american-interest.com/2013/01/28/life-in-a-g-zero-world/>. Downloaded: 07/03/2017.
- Feng, Youlan (1948): *A Short History of Chinese Philosophy*. Free Press
- Gao, Y. (2008): "China's World View and World Historical Studies." *Dimensioni e problemi della ricerca storica* 255-268.
- Geeraerts, G. (2010): „China, the EU, and the New Multipolarity” *European Review* 19(1): 57–67 DOI: <https://doi.org/10.1017/s1062798710000335>
- Gervai, P. – Trautmann, L. (1999): „Ázsiai kultúra és információs társadalom.” *Fordulat* 1999/ősz-tél: 53-75.
- Gervai, P. – Trautmann, L. (2014): „Értékrend és liberális demokrácia”. In: Bertók, R. – Bécsi, Zs. (ed.) (2014): *Kirekesztés, Idegenség, Máság*. ETHOSZ – Virágmandula Kft., Pécs
- Hamar, I. – Salát, G. (2009): *Kínai történelem és kultúra*. Tanulmányok Ecsedy Ildikó emlékére. Sinológiai Műhely 7. Balassi Kiadó, Budapest
- Herrmann-Pillath, C. (2011): "A 'Third Culture' in Economics? An Essay on Smith, Confucius and the Rise of China". Frankfurt School – Working Paper Series No. 159 <https://www.econstor.eu/bitstream/10419/45025/1/65174461X.pdf>. Downloaded: 05/11/2016. DOI: <https://doi.org/10.2139/ssrn.1757833>
- Hsu, I. C. Y. (1983): *China Without Mao: The Search for a New Order*. Oxford University Press, Oxford. DOI: <https://doi.org/10.1017/s0305741000046609>
- Huang, Y. (2012): „How Did China Take Off?” *Journal of Economic Perspectives* 26(4): 147-170. DOI: <https://doi.org/10.1257/jep.26.4.147>
- Huntington, S. P. (1993): „The Clash of Civilizations?” In: *Foreign Affairs*, 1993(Summer): 22-49 DOI: https://doi.org/10.1007/978-1-349-62397-6_6
- Inotai, A. (2010b): „Kína világgazdasági szerepének erősödése – Az exportorientált „modell” jövője.” *Vélemények – Kommentárok – Információk*. 206.
- Inotai, A. – Juhász, O. (2008): *Kína: realitás és esély*. Tanulmányok Magyarország Kína stratégiájának megalapozásához MTA VKI - MEH, Budapest
- Inotai, A. – Juhász, O. (2009): *A változó Kína*. Akadémiai Kiadó, Budapest
- Jordán, Gy. (1988): „A kínai falusi reformok második szakasza.” *Közgazdasági Szemle* 35(4): 490-530.
- Jordán, Gy. (1999): *Kína története*. Aula Kiadó. Budapest
- Jordán, Gy. – Tóth, B. (2005): *Kína a modernizáció útján a XIX-XX. században*. Napvilág kiadó, Budapest.
- Juhász O. (2011): „A kínai biztonságpolitika régi és új elemei”. In: Inotai, A. – Juhász, O. (ed.): *Kína belső viszonyai: Belső reformok, valamint a válság kezelése és következményei, A kínai modell fejlődése és következményei*. MTA VKI - MEH, Budapest
- Juhász, O. (2012): „A modernizáció és tradíció kérdései Kínában, 1840–2012.” *Külügyi Szemle* 11(2): 75-104.
- Kissinger, H. (2011): *On China*. Penguin Press, London.
- Leonard, M. (ed.): *China 3.0*. European Council on Foreign Relations. London
- Li, H. – Li, L. – Wu, B. – Xiong, Y. (2012): „The End of Cheap Chinese Labor.” *Journal of Economic Perspectives* 26(4): 57–74. DOI: <https://doi.org/10.1257/jep.26.4.57>

- MacFarquhar, R. (1966): *China under Mao: politics takes command*. M.I.T. Press. Cambridge.
- Mao Zedong (1957): *A népen belüli ellentmondások helyes megoldásáról*. Kossuth Kiadó, Budapest.
- McFarlane, B. (1983): „Political Economy of Class Struggle and Economic Growth in China, 1950-1982” *World Development* 11(8): 659-672. DOI: [https://doi.org/10.1016/0305-750x\(83\)90110-9](https://doi.org/10.1016/0305-750x(83)90110-9)
- Meng, X. (2012): “Labor Market Outcomes and Reforms in China.” *Journal of Economic Perspectives*. 26(4): 75-102. DOI: <https://doi.org/10.1257/jep.26.4.75>
- Morrison, W. M. (2015): *China's Economic Rise: History, Trends, Challenges, and Implications for the United States*. Congressional Research Service, Washington, DC
- Naughton, B. (1993): „Deng Xiaoping: The Economist.” *The China Quarterly* (135): 491-514. DOI: <https://doi.org/10.1017/s0305741000013886>
- Naughton, B. (2007): *The Chinese Economy: Transformation and Growth*. MIT Press. Cambridge.
- Pan, W. (2007): *The Chinese model of development*. (Speech: Foreign Policy Center, London) <http://fpc.org.uk/fsblob/888.pdf> Downloaded: 28/08/2017.
- Perkins, D. (1991): “China’s Economic Policy and Performance” in: MacFarquhar, R. (ed.): *The Cambridge History of China*. Cambridge University Press. Cambridge DOI: https://doi.org/10.1142/9789814612388_0006
- Pines, Y. (2014): "Legalism in Chinese Philosophy", *The Stanford Encyclopedia of Philosophy* <http://plato.stanford.edu/archives/win2014/entries/chinese-legalism>. Downloaded: 14/01/2016.
- Polonyi, P. (1994): *Kína története*. Maecenas Kiadó, Budapest.
- Salát, G. (2003): „A kínai Qin állam törvényei.” In: Jany J. (ed.): *Szemelvények az ókori kelet jogforrásaiból. Válogatás az ókori Irán, India és Kína jogemlékeiből*. Studia Orientalia 2. Pázmány Péter Katolikus Egyetem Bölcsészettudományi Kar, Pilisecsaba.
- Salát, G. (2006): „Társadalom és gondolkodás az ókori Kínában.” In: Hamar, I. és Salát, G. (ed.): *Sinológiai Műhely 8*. Balassi Kiadó, Budapest
- Shambaugh, D. (2013): *China goes global: The partial power*. Oxford University Press, Oxford.
- Shirk, S. (1993): *The Political Logic of Economic Reform in China (California Series on Social Choice and Political Economy)*. University of California Press. Berkeley
- Tálas, B. (2006): „Kína - a 21. század leendő hiperhatalma.” *Külgügyi Szemle* 2006(1-2): 16-70.
- Yan, X. (2011): *Ancient Chinese Thought, Modern Chinese Power, edited by Daniel A. Bell and Sun Zhe, trans. Edmund Ryden*. Princeton University Press. Princeton, NJ. DOI: <https://doi.org/10.1515/9781400848959>
- Yan, X. (2012): „The Weakening of the Unipolar Configuration.” In: Leonard, M. (ed.): *China 3.0*. European Council on Foreign Relations. London.
- Zhang, F. (2011): „The rise of Chinese exceptionalism in international relations” *European Journal of International Relations* 19(2): 305-328. DOI: <https://doi.org/10.1177/1354066111421038>
- Zhang, F. (2013): “Chinese Exceptionalism in the Intellectual World Orders: Official and Citizen Intellectual Perspectives.” In: Foot, R. (ed.): *China across The Divide*. Oxford University Press, Oxford.
- Zhao, D. (2015): *The Confucian-Legalist State. A New Theory of Chinese History*. Oxford University Press, New York.
- Zhao, T. (2006): „Rethinking Empire from a Chinese Concept of „All- under- heaven“ (tianxia)” *Social Identities*, 12, 1, 29–41. DOI: <https://doi.org/10.1080/13504630600555559>
- Zhao, T. (2009a): „A Political World Philosophy in Terms of All- under- heaven (Tianxia)” *Diogenes*, 56,1, 5–18. DOI: <https://doi.org/10.1177/0392192109102149>
- Zhu, X. (2012): “Understanding China’s Growth: Past, Present and Future.” *Journal Of Economic Perspectives*. 26(4): 103-24. DOI: <https://doi.org/10.1257/jep.26.4.103>

Databases:

Gelb, L. (2009): *Power Rules: How Common Sense Can Rescue American Foreign Policy*. Harper Collins, New York.

Halper, S. (2012): *The Beijing Consensus: Legitimizing Authoritarianism in Our Time*. Basic Books, New York.

Heston, A. – Summers, R. – Aten, B. (2011): *Penn World Table Version 7.0. Center for International Comparisons of Production, Income and Prices*. University of Pennsylvania. <https://knoema.com/PWT2011Jun/penn-world-table-7-0?action=download> Downloaded: 07/01/2017.

Maddison, A. (2007): *Maddison-Chinese Economic Performance in the Long Run*. OECD. Accessible: <http://piketty.pse.ens.fr/files/Maddison07.pdf>. Downloaded: 12/03/2017. DOI: <https://doi.org/10.1787/9789264037632-en>

OECD (2017): *OECD Economic Surveys: China 2017*. http://www.oecd-ilibrary.org/economics/oecd-economic-surveys-china-2017_eco_surveys-chn-2017-en Downloaded: 26/04/2017. DOI: https://doi.org/10.1787/eco_surveys-chn-2017-en

The World Bank (2009): *World Development Indicators 2008*.

<http://documents.worldbank.org/curated/en/587251468176971009/World-development-indicators-2008> Downloaded: 26/04/2017. DOI: <https://doi.org/10.1596/978-0-8213-7386-6>

World Bank (2016): *Databank*. <http://databank.worldbank.org/data/home.aspx> Downloaded: 27/05/2012.

The World Bank (2009): *World Development Indicators 2008*.

<http://documents.worldbank.org/curated/en/587251468176971009/World-development-indicators-2008> Downloaded: 26/04/2017. DOI: <https://doi.org/10.1596/978-0-8213-7386-6>

Trading Economics. <https://tradingeconomics.com>

VI. Publications in the field

- Sárvári, B. (2014): „A globális politika kora”. pp. 313-332; In: *Világunk határai*. (ed.) Faragó-Szabó, István et al., Eötvös Collegium, Budapest
- Gervai, P. – Sárvári, B. – Trautmann, L. (2015): *A globalizáció politikai gazdaságtanáról*. Typotex, Budapest
- Sárvári, B. – Szeidovitz, A. (2016a): “The Political Economics of the New Silk Road”. *Baltic Journal of European Studies*. Volume 6, Issue 1, Pages 3–27, ISSN (Online) 2228-0596, DOI: 10.1515/bjes-2016-0001, February 2016
- Sárvári, B. (2016b): „China’s Role in The New World Order”. In: *China – Central and Eastern Europe Cross Cultural Dialogue* pp. 35-47. (ed.) Joanna Wardęga Jagellonian, University Press, Kraków
- Sárvári, B. (2016c): “A kínai eszmetörténeti hagyomány”. *Köz-Gazdaság* 2016/4. pp. 191-207
- Sárvári, B. (2017a): China’s Peaceful Rise and the New Silk Road. In: XVII АПРЕЛЬСКАЯ МЕЖДУНАРОДНАЯ НАУЧНАЯ КОНФЕРЕНЦИЯ по проблемам развития экономики и общества. Russia, Moscow. 2. kötet. p. 62-70.
- Sárvári, B. (2017b): „[China Expands Tianxiaism Along the Modern Silk Road](#)”. in: *Kultura — Historia — Globalizacja*. 2017(22) pp. 215-228. Uniwersytet Wrocławski. ISSN 18-98-72-65.
- Sárvári, B. – Szeidovitz, A. (2017c): „Political Economics of the New Silk Road” In: Cheng, Y. – Song, L. – Huang, L. (ed.): *The Belt & Road Initiative in the Global Arena. Chinese and European Perspectives*. Palgrave Macmillan, London DOI: 10.1007/978-981-10-5921-6

