

# CHINESE ECONOMY AT THE ERA OF GLOBALIZATION

## The growing importance of Asia in the global economy

China is as much as and, yet, merely the Middle Kingdom. While it may not be the Middle Kingdom of the whole world, then at least of Asia, where the importance of better developed economies and increasingly educated societies is on the rise. Therefore, the question is not whether China alone, but Asia with China at the forefront, is moving to take dominion over the world. Some people think that this is the case, and, even if it is not a deliberate intention of the elites ruling therein, such is the logic of the historical process. Following this interpretation, there are only 90-100 years left before the end of the Western dominance and the takeover of this position by the East. It is supposed to happen at beginning of the 22nd century (Morris 2010).

The growing strength of Asia is much more than China. The volume of production and size of the population are rapidly increasing. The continent has almost 4 billion 500 million inhabitants in total; that is about 60 percent of the world population and about 55 percent outside the Middle East, often treated separately for geopolitical reasons<sup>1</sup>. This large population produces 47.3 percent of the gross world product, GWP – slightly more than Europe and North America combined. From a slightly different perspective, it is as many as eight percentage points more than the United States and the European Union combined. In the future, both the share of Asian population and production will continue to grow due to both the natural increase and economic growth rate being higher than the global figures. It would be pertinent to realise that once - in actual fact throughout all the centuries of the previous millennium, until around 1820 with its powerful onset of the Western

---

<sup>1</sup> The population of the Middle East is estimated at around 450 million, if we include in this part of the world also African Egypt with 97 million inhabitants (geographically Asian Sinai has around 1.4 million inhabitants) and Cyprus with only 1.2 million people. Without these two countries, the Middle East - geographically located in Asia in its entirety, apart from the small, 23 764 square kilometres European fragment of Turkey - it is home to about 350 million people. This is the total number of the inhabitants of Saudi Arabia, Bahrain, Iraq, Iran, Israel, Yemen, Jordan, Qatar, Kuwait, Lebanon, Oman, Palestine, Syria, Turkey and the United Arab Emirates.

World industrial revolution - Asia kept turning out over 60 percent of the global production. In 1950, it was less than 20 percent, but two generations were enough to make this index more than double.

China itself two hundred years ago – before the industrial revolution gained momentum; first in England and soon after in Western Europe, and before the Middle Kingdom turned its back on the world and kept itself strictly to itself – China turned out almost a third of the world production. Five or six generations of disastrous domestic policy and the unfavourable external circumstances, including the British and Japanese colonial practices, were enough to go dramatically down this scale to below 5 percent half a century ago. No wonder, then, that some authors write about China's return to the international arena because it has already been there. (Chołaj 2011).

And now a digression. My perennial efforts to avoid tautology in the form of the term "globalised world" do not seem very productive. It is so often that both in everyday language and in scientific literature this mistake is repeated! The world is global by definition, as is the globe, hence the world cannot become global (or worldwide) and the globe cannot globalise because they have always been such. What undergoes globalisation is economy, trade, capital flows, technology transfer and also workforce, albeit, with significant constraints resulting from cultural, social and political reasons, and outside the *strictly* economic sphere – also magnificent things like culture, and nasty things like terrorism. Globalisation is a historical and spontaneous process of liberalisation and integration following in its footsteps, turning hitherto largely isolated in their functioning national economies and local commodity markets into one, great, mutually interconnected and intertwined worldwide market of capital, goods and workforce (Kołodko 2002a and 2002b). Globalization also has its microeconomic aspect related to the networking of production and exchange by incorporating into the process of production and distribution companies from many countries, still treated as national economies, although the management process is carried out increasingly on a supranational scale (Szymański 2004 and 2011).

The Asian continent is highly diverse – culturally, politically and economically – especially if it is treated literally; in geographical terms and stretched from Turkey and Israel in the west to Japan and Russian Siberia along with Kamchatka and Chukotka in the Far East. Apart from the Asian part of Russia, which is not usually included in the Asian calculations, its four main parts are China and Japan and two regional integration groups – ASEAN in Southeast Asia<sup>2</sup> in which none of the economies predominates, and SAARC in South Asia<sup>3</sup>, which is dominated by India which is a regional population (1.28 billion inhabitants), economic (7.4 percent of world production based on purchasing power parity, PSN) and military (military expenditure 2.5 percent of GDP) superpower.

Of the twelve countries with more than one hundred million inhabitants, as many as seven: China, India, Indonesia (261 million), Pakistan (206), Bangladesh (159), Japan (126) and the Philippines (105) are located in Asia<sup>4</sup>. We omit here the Eurasian Russia, which is inhabited by 142 million people, of which only a quarter lives in its Asian part. Soon, still during this decade, another country will join them – Vietnam (97 million inhabitants in 2018). It is worth adding that in this group of countries the population is decreasing only in Japan; there are fewer and fewer inhabitants every year, and at the same time they are getting older. The median is as much as 47.3 years, which means that half of the population is above this age. However, the societies of India are young (median 27.9 years) as is Bangladesh (26.7). These are very important comparisons, because aging societies are deprived of the so-called demographic dividend, which affects the supply of labour to the labour market. For this reason, *ceteris paribus*, one can expect in the future a faster rate of economic growth in India than in China.

---

<sup>2</sup> The member countries of ASEAN, Association of Southeast Asian Nations are: Brunei, Philippines, Indonesia, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand and Vietnam. This grouping is inhabited by about 650 million people (8.7 percent of all mankind) and produces around 10.5 global gross product (counting per purchasing power parity, PPP).

<sup>3</sup> SAARC member countries, South Asian Association for Regional Cooperation *South Asian Association for Regional Cooperation* contains: Afghanistan, Bangladesh, Bhutan, India, Nepal, Maldives, Pakistan and Sri Lanka. These countries are inhabited by about one billion 770 million people (almost 24 percent of all mankind), who produce about 13.7 percent of the world's gross product (counting per PPP).

<sup>4</sup> Other countries with a population exceeding 100 million are, in the order of population size, the USA (327 million), Brazil (208), Nigeria (191), Russia (143), Mexico (125) and Ethiopia (196). Soon, this group of non-Asian countries with similarly numerous population will be joined by Egypt.

Of the twenty economies producing more than one percent of the world production, nine – China, India, Japan, Indonesia, Turkey, South Korea, Saudi Arabia, Iran and Thailand – are located in Asia. Therefore, reflecting on the future role of Asia – its demographic potential and culture, political significance, and above all, economic influences – it must be borne in mind that it is almost the largest region of the world in every respect.

Is it actually so that things have already gone so bad (in the West) and so good (in the East) that Americans have to resort to wicked protectionist practices to save their own skin? Or maybe the Chinese indeed are plotting and using globalisation to bring the world under their heel? Is the era of Asia's domination indeed under way with the Euro-Atlantic civilisation relegated to a secondary position? Do we already need to learn Chinese first and then English?

### **New Silk Road**

There is no doubt that both the absolute position of China – the economic one and, consequently, as is the case with a great country, the political and military one – and their influence on what is happening in the world, are growing (Huang 2017). It will remain this way in the foreseeable future because this process cannot be stopped, let alone reversed by peaceful methods – other ones are out of question. All others must acknowledge this, regardless of their own interests and biases. And certainly, China will not turn away from the world and will not shut itself down in destructive autarky, as it once did.

The size of the country has its advantages, but it is also a curse. Norway or New Zealand, Canada or Australia, Chile or Malaysia, Tunisia or Bulgaria do not have to lose sleep over power, because they are in no danger of becoming one. They are to sustain or create well-being for their citizens and that will suffice. In contrast, China, like the US and Russia, and to a lesser extent also India and Japan or France and Great Britain, as well as Brazil and Nigeria regionally, must demonstrate greatness both economically, politically and militarily. Only countries like Singapore or Costa Rica can afford a pacifistic orientation but by no means China or the USA.

What needs to be done is take a leap into the future and seek reconciliation with others in addition to finding the right place in the ever-shifting world. It should be somewhat easier nowadays since some processes are running in opposite directions than before. On the one hand, China is constantly attracting the production capacities of Western corporations, transferring on that occasion their hi-tech, while placing more and more of its production abroad, this time already having modern manufacturing techniques at its disposal. On the other hand, direct investments from richer countries still go to China, but also to other economies, not only Asian ones, where wages are lower than in China. Their beneficiaries include, among others, India and Pakistan, Vietnam, Cambodia, Bangladesh and Myanmar. The effects of the ongoing appreciation of the Chinese currency are adding to this process. It is getting stronger, so for wages of, let's say, 3 thousand yuan per month, you have to spend about \$475, unlike a few years ago, when for half the nominal salary of 1500 yuan, at the exchange rate of 8.2, 183 dollars was enough. With the increase in staff production costs, which have been recently growing by 20 percent per year, and currency appreciation, China ceases to be as competitive as it once was. The process that previously affected countries like Japan, Singapore, South Korea, Taiwan and also, although on a smaller scale, Malaysia and Thailand, is yet again repeated<sup>5</sup>.

What is more, in the United States and other highly developed economies of the West, one can notice that the tendency to outsource and offshore is inhibited. This happens in such cases, where low labour costs play a relatively small role in the total expenditure on the production and sale of a specific product. There are quite striking calculations demonstrating that in the price of a 16KB Apple iPad, which was sold on the US market for 499 dollars in 2010, the cost of Chinese labour amounted to only \$8, or 1.6 percent (Kraemer, Linden and Jason 2011), though perhaps more, because the calculation includes an "unidentified" labour costs category, suggesting

---

<sup>5</sup> Similar processes take place in other parts of the world, also in post-socialist Eastern European economies, the most developed of which can compete to an increasingly smaller extent with low wages. For example, in Poland in December 2017, the average gross monthly wage in the enterprise sector fluctuated around 1450 dollars, calculated at the current exchange rate, which at that time was subject to strong appreciation. These data refer to companies employing more than nine employees, so for the entire economy the appropriate amount may be even several hundred dollars lower.

that they were incurred outside the US and outside China. In such situation - and in the face of political pressure to stop the "export of jobs to Communist China" - a producer may come to the conclusion that even if they pay five times more for the same labour, but the merchandise will be *Made in USA* (and with peace of mind about excuses for outsourcing and offshoring), its assembly will take place again near San Francisco and not near Shanghai. The economic calculation of costs will not be overturned, but the political narrative could be "straightened out".

This time the Chinese challenge is not derived from the old attempt to export the revolution - fortunately unsuccessful - but primarily from the export of goods and, what is important, capital. This is accompanied by various related transactions that increase Chinese presence around the world. This can be seen in international statistics, but also with the naked eye when travelling around various parts of the world. However, what is not immediately visible and what is of great significance, is the far-reaching effects of numerous infrastructure projects financed in exchange for long-term, strategic contracts for supplying raw materials. This is particularly pronounced in Africa and in Latin America, but still on relatively smaller scale in Central Asia, the Middle East, Eastern Europe, and - what is very important and interesting - in Russian Siberia. In the future, radical changes will take place here, and the great program propagated as the New Silk Road will play a key role in this matter. This is a popular term for a program known by its official name *One Belt, One Road*, OBOR, or recently more often as *Belt and Road Initiative*, BRI. It is a project of significant infrastructural investments which are intended to promote the expansion of trade between China and their foreign partners in the west, south and north. The program is aimed at cooperation with several dozen countries in Asia, the Middle East, North and East Africa and in Central and Eastern Europe.

What is BRI? How to approach it? Is this a policy or an institution? Or maybe an organisation or structure? I think it is best to talk about it, as the Chinese themselves have proposed, as an initiative. Or as a project. There are always two "i's" behind any projects: ideas and interests. This is the case now, although this time, unlike in the times when Chairman Mao wanted to export the communist revolution, ideas are

in the background. Although some argue that China intends to ideologically and politically expand outside, it is clearly not about encouraging others to follow the Chinese path or even impose the Chinese economic and political model, but about economic reasons. Yes, in some regions of the New Silk Road, like in the countries of Central Asia - where by the way this old Silk Road beautifully thrived and left its imprint centuries ago - the system with Chinese characteristics may seem more tempting than Western liberal democracy, but in Central and Eastern Europe, it hardly inspires anyone.

Chinese politicians and economists emphasise the imperative of continuing globalisation and there is nothing strange about it because it benefitted them more than anyone else. At the same time, they emphasise the need to change the character of the current course of the globalisation process. That is why so much is heard about the "transformation of globalisation", which should be inclusive and fairly distribute the fruits of supranational cooperation in all fields: from the economy and the natural environment through security and technology to science and culture. In this context, the instrumental significance of BRI is being highlighted. This initiative is intended to help transform the globalisation from its current form, rejected by many, into a globalisation, which will be socially more useful on a global scale than what the West has proposed. And that is why some countries, rather from outside the West, place a lot of hope in it, while others, in the West, voice certain apprehension. The former are curious about what this "globalisation with Chinese characteristics" could bring them, the latter probably would prefer not to experience it, and others are watching with interest what will come out of it ...

The second "i" - interests, clearly moves to the forefront. Big business, because as regards its size, it is a great project, although its scale is still not fully known, neither in Beijing. It is said that BRI encompasses 65 Asian, European and African countries inhabited by more than 60 percent of the world's population over 38.5 percent of its area. The trade between these countries accounts for 35 percent of the world turnover; their gross product is 30 percent of global production, and household consumption is 24 percent of what the whole of humanity consumes.

## **The One Belt and One Road Initiative as an instrument of inclusive globalisation**

As the Chinese authorities emphasise, BRI creates great cooperation opportunities in five fields:

- cultural exchange through the promotion of interpersonal relations and cooperation;
- policy coordination through planning and supporting large infrastructural development projects;
- financial integration through strengthening the monetary policy coordination and bilateral financial cooperation;
- trade and investment through encouraging cross-border investments and cooperation in supply chains;
- *facilities connectivity* by creating facilities enabling contacts along the belt and road.

Although the name of the project is the word 'way', it is by no means clearly delineated by the authors. There are no official maps showing where this road is supposed to lead, therefore there exist large flexibility in their charting; a specific cartography is being developed. Of course, in the countries that the project intentionally includes, the road must lead through their territory. There are also 12 African ports on the BRI map, of which 10 is located outside Egypt, which is the only country from this continent included in the project. And that is the point: who included whom and on what basis was it carried out?

Of course, it was China that included them, although the rules are not entirely clear. This is a fascinating geopolitical and geo-economic game, the goals of which are not clearly defined and the rules are not entirely clear. There are many players; cards have been supposedly handed out, but nobody knows if all of them. And whether the game is played only on the table, or whether some cards are passed under it. Who is risking what and in the name of how high hypothetical win?



Political declarations sin through vagueness and, of course, are full of assurances of the good will of the initiator, but in many places of Eurasia - and elsewhere - they arouse various reflections, doubts, suspicions, anxiety. The economic goals are still drawn with a thick line and it is impossible to form a concrete opinion about what and why, where and when, for whose money it will be built and how it will be managed. And that is how this kind of open-end game is going on.

The invited participants are looking forward to it, hoping that joining a project in this phase will not cost anything, and maybe some, maybe even significant, economic benefits will be brought thereby over time. Reputation is not endangered either, because despite the exacerbating attacks coming from the West towards China, cooperation with it is something obvious. Thus, nobody has refused to participate in the project, even the countries that have not had the best relations with the Middle Kingdom lately, such as Vietnam or the Philippines. It must be strongly emphasised that only China can afford such a huge project, announced and initiated in a way that it specified on its own.

If the United States proposed something similar under the name of, let us say, *Great Americas* and pulled out a map with an area stretching from Alaska to Tierra del Fuego, this plan would be a false start, because certainly some of the Caribbean and Latin American countries, such as Haiti and Venezuela, would not benefit from such *dictum*. If the European Union announced, let us say, a *Euro-African project*, without proper arrangements made *ex ante* some of the post-colonial countries might not take part in such an enterprise. Only China can afford something whereby Pakistan and India, Poland and Russia, Israel and Syria, Myanmar and Bangladesh, Saudi Arabia and Iran, Nepal and Bhutan would more than willingly and without any pre-conditions join their project.

When looking at the map, the geographical criterion strikes the eye first. Almost all the countries of Asia, all of Central-Eastern Europe have been drawn to the project, and Egypt too, as what kind of road it would be if the Suez Canal was not en route. Almost all of Asia, because for political reasons the two Korean countries and Japan have not been included. It happened to the former because it was not possible

to sign up only South Korea while sharp sanctions have been imposed on North Korea, so China have chosen to avoid accusations that they are cooperating with the regime in Pyongyang. The latter one, meaning Japan, was left out because relations with rich Japan are not the best, and it would be necessary to negotiate BRI with it, for which, unfortunately, there is no conducive atmosphere. Finland and Greece are absent from the edge of the map, because they are Western European countries, and on the other side, Papua New Guinea is missing, because it is already "Australia and Oceania". Therefore, due to the specific political correctness and simplicity of including in the map the countries through which the New Silk Road is supposed to run, i.e. its land and sea belt - such countries as East Timor or Bahrain, Macedonia and Estonia are featured, although most probably no camels will roam that way, nor a single junk will sail nearby.

China basically did not ask anybody whether they wished to be included in this project. First, they signed up whoever was needed - and, apart from the exceptions mentioned above, they subsequently announced it. However, if someone is not on the list, it does not mean that they are omitted at all, like Greece. Greece is not a member of NATO and the European Union - yet the port of Piraeus, which is largely in the possession of Chinese capital, is marked<sup>6</sup>.

Formally, the Latin American countries have not been invited to BRI, but the hosts refer to them as a "natural extension" and "inalienable participants" of the venture. In other words, China is carrying on as usual, investing more and more in Latin America and encouraging its companies to penetrate those markets, unlike their neighbour from the north, who quite frankly discourages such movements through Donald Trump's behaviour, offending some, especially Mexico and El Salvador. At the same time, when the American president in his typical style says that he said something different than *de facto* he said - this time at the World Economic Forum in Davos a year later than the Chinese president - Chinese Foreign

---

<sup>6</sup> This is another paradox, but it is the pressure of the West, especially the so-called Big Three, i.e. the European Commission, the European Central Bank and the International Monetary Fund, that Greece should improve its fiscal situation also by privatising state property, prompted the government in Athens to sell the port of Piraeus. The investor turned out to be China COSCO Shipping Corporation.

Minister Wang Yi appeared at a meeting of all 33 countries belonging to the Commonwealth of Latin America and the Caribbean, CELAC (Spanish *Comunidad de Estados Latino americanos y Caribeños*) advocates against trade protectionism and offers the region "a strategy of mutual benefits and mutual profits" (Economist 2018).

In fact, nobody knows exactly how much, where, when and how the Chinese intend to invest in land as well as sea routes when implementing the New Silk Road project. The amount of four trillion dollars appears in circulating information, which must impress everyone, even in the most affluent countries, which are a bit further, at the end of the road, in France and Great Britain, because it is more than their GDP. No wonder that in both of these countries celebration surrounded the arrival of a freight train from China which travelled a long way, using the already existing infrastructure, but also signalling the need for its modernization and expansion, which is what the New Silk Road concept is all about. It was similar in Poland, when in June 2016 a freight train arrived from China to receive a welcome on the platform in Warsaw from the presidents Andrzej Duda and Xi Jinping who was on an official visit to the banks of the Vistula river. It comes as no surprise either that Western European politicians who visited Beijing in early 2018 - in January French President Emmanuel Macron, a month later the British Prime Minister Theresa May - talked about trade and investments more than about security and international relations. Everyone wishes to be on the receiving end of a four thousand-billion-dollar trickle, even a little bit ...

In underdeveloped countries, China contributes a good deal for the infrastructure strengthening human capital - for schools and universities, for health clinics and hospitals. For this purpose, they use a soft loan instrument, which is often partially redeemed and turns into grants. On the occasion of the implementation of projects, powerful Chinese construction companies are often involved, so it is not surprising that they are becoming global tycoons. When looking at the geopolitical map of the world from this perspective, it is fairly easy to notice that China is particularly active where the West failed. Once, in colonial times, instead of helping, the West

conducted exploitation, then, in neo-colonial times, when instead of cooperating, it cheated, and recently, in times of globalisation, when sometimes instead of creating areas of positive synergy, it marginalised.

Interestingly, they are also active where the Soviet Union failed, especially Russia as its core. This let-down is still casting a long shadow over politics and economy, as well as over culture and mentality in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. Geography and history may have gone their way, but contemporary interests have their own agenda, which is clearly visible in the area of these post-Soviet Central Asian republics. In this very interesting region - and one by no means automatically set to maintain political stability and sustainable development - we have a unique mix, as it is the crossroads of deeply rooted features resulting from Russian, Asian and Islamic influences, as well as Soviet legacy. Now the impact of the Chinese is added to all of these along with Western influences. The latter is due to, on the one hand, the significance of the region in the fight against international terrorism, whose tentacles reach these lands, and, on the other one, because of the rich energy resources which are relevant in the global accounts.

By the way, it is worth noting that the geographical location, which economy and politics do not choose, may be a blessing, as in the case of Switzerland sandwiched between Germany, France, Italy and Austria, or may be a curse, as experienced by Iraq lying between Iran, Turkey and Saudi Arabia. It is upon the political skill and ability to implement beneficial national strategies for socioeconomic development to determine whether the post-Soviet Central Asian republics, which occupy a prominent place on the New Silk Road route, will also use this aspect of their position to their own advantage or whether others will take advantage of them. If someone is located in the zone where China and the United States or the European Union and Russia are vying for influence, there is a lot to lose just as quite a lot to win on that. For this to happen, however, in the first place one cannot allow themselves to be antagonised either with one another or in the relations with these great global players.

## **Global expansion of China**

Although, obviously, Chinese activity contributes to poverty reduction and supports socioeconomic development, also for this reason China is suspected and even accused of bad intentions, ideological indoctrination and of political corruption. If that was the case, even partially, it would not change the fact that such a strategy helps other economies being at a lower level of advancement in their struggle for emancipation. And if it threatens the balance of influences, then instead of unproductive criticism of Chinese expansion, it is better to increase one's own support from the rich West, and pragmatically reorient the ways and directions of international organisations remaining under the prevailing influence of the West.

There is nothing ill-advised - actually quite the opposite - if alongside the export of capital and goods, China also "exports" some of its good skills from the sphere of soft infrastructure. These are precisely the good practices that we are so keen to talk about in the management science (Cieřlik 2016). As in China itself, even the fastest trains cannot run without proper traffic regulations, or more educated personnel do not automatically ensure socioeconomic progress, so even more so it cannot be successful in the economies being backward compared to China. Therefore, they can and should learn from them. Knowledge and skills are currently a particularly valuable "commodity". I put this word in quotation marks on purpose, because it is not literally about a commodity, meaning a product of human labour intended for market exchange, because in this case it is often a matter of non-financial transfers.

By using scholarships, tens of thousands of foreign students reside in China, obtaining knowledge in the fields that are preferred from the point of view of China's external expansion. When I lectured at the University of Beijing for a group of 40 foreign scholarship holders, they all came from "developing" countries, amongst which the most developed ones being Turkey and Kazakhstan. Almost all of them - with exceptions of a Polynesian from Tonga and a Caribbean man from the Bahamas - were citizens of countries that have found themselves on the New

Silk Road or, lying in Africa, for similar reasons remain in the sphere of the Middle Kingdom's interest. There are no coincidences here.

China also uses its presence and growing activity in international organisations, especially the World Bank, WB, the International Monetary Fund and the Asian Development Bank, ADB, to influence institutional solutions, directions and instrumentation of development policy in the countries to which these organisations channel their financial assistance and expert advice. By no means did they prevail, especially in WB and IMF, over Western influences, but increasingly often in the economies undergoing emancipation one can observe Chinese experts sent there by this or that international organisation and increasingly often one can sense the "Chinese spirit."

In the wake of all of these follows a diplomatic offensive. Currently, Beijing hosts 166 embassies and has as many of its own ones worldwide. The United States has one more, 167. Soon, however, they will be overtaken in this regard, as soon as another country that has so far recognised Taiwan as the representation of China changes their mind. A remnant of the Cold War, the first one, there are still 20 embassies of Taiwan: as befits an island, six in the island Pacific countries and five in the Caribbean, five in Central America and one in South America, two in small African countries and in the Vatican. In time - when the reintegration of the People's Republic of China and Taiwan will take place (because it shall happen) - it will be China that has the most numerous diplomatic representation in the world. Currently, taking into account not only embassies but also all diplomatic posts, China has 268 of them, and the USA have 273. For comparison, it should be mentioned that in the case of Russia, the figure is 242 posts, and France - 266.

China is the largest or the second largest trading partner for around 80 countries. Therefore, it is no wonder that what is happening there largely determines what is happening elsewhere in the global economy. When it comes to Chinese exports amounting to USD 2.2 trillion the addressee number one is the United States (18.2 percent), followed by (without taking into account Hong Kong where the PRC sells 13.8 percent of exported goods) Japan (6.1 percent), South Korea (4.5 percent) and

not much less to Germany. As for imports - about \$ 425 billion less - the number one is South Korea (10.0 percent), followed immediately by Japan (9.2), Germany (5.4) and Australia (4.4 percent). Only then, with export to China being less than Australian, do the United States rank. Note - because it is interesting - that on the New Silk Road route the two neighbouring countries, South Korea and Japan are absent, from which account for up to a fifth of Chinese export. To some extent it is so also because they are highly developed and have their own advanced infrastructure.

Dependence on the Chinese economy is multi-threaded and goes far beyond direct export and import. In the subject literature, even a neologism has been coined *sinodependency index*, i.e. an indicator reflecting the changes in the S&P 500 stock index<sup>7</sup>, which depends on the ranking of 135 companies included therein and earning revenues from operations in China (Economist 2012). The Chinese economy is growing, stock exchange quotations are rising - and vice versa. When in 2009-2012, marked by the global crisis, *the sinodependency index* increased by nearly 130 percent, the S&P 500 index increased by just over 50 percent. In other words, if it had not been for the continuation of the Chinese boom, the economic situation and stock exchanges which mirror it in many other countries, including the most developed ones, would have been much worse. Therefore, someone who wishes China ill, means harm to themselves.

## **Conclusion**

Advocating globalisation while at the same time pointing to the imperative of its greater inclusion, recognising the indispensability of reducing the scale of commercial and financial imbalance in the global economy, caring even more than some highly developed countries for ecological balance (although they contributed to its earlier disruption), China slowly takes the path of economic policy suggested by the new pragmatism (Kołodko 2014, Bałtowski 2017, Galbraith 2018).

---

<sup>7</sup>S&P 500 is a stock exchange index managed by Standard & Poor's, the value of which is determined by the quotations on the New York Stock Exchange and NASDAQ 500, the largest from the point of view of capitalisation of enterprises, mainly American ones.

Neoliberalism hardly exists there, corrupt capitalism is gradually decreasing (albeit too slowly), and the notions related to new pragmatism are multiplying (Hu 2018).

China can essentially help in shaping the desired face of the future, limiting the growing global threats and the risk of a great catastrophe reaching far beyond the economic sphere. And this threat is real if, on the one hand, it was possible to re-direct the economy onto the neoliberal tracks *business as usual* and on the other hand if it was impossible to control the escalation of new nationalism. However, one can hope that none of them will happen, and this is largely thanks to China<sup>8</sup>.

---

<sup>8</sup> The article was based on excerpts from the book "Czy Chiny zbawią świat?", Prószyński i S-ka Publishing House, Warsaw, 2018.



## References

Bałtowski M. (2017), *Evolution of economics and the new pragmatism of Grzegorz W. Kolodko*, TIGER Working Papers, No. 136 ([http://www.tiger.edu.pl/Baltowski\\_Evolution%20of%20economics%20and%20the%20new%20pragmatism%20of%20Grzegorz%20W.%20Kolodko\\_III%202017.pdf](http://www.tiger.edu.pl/Baltowski_Evolution%20of%20economics%20and%20the%20new%20pragmatism%20of%20Grzegorz%20W.%20Kolodko_III%202017.pdf)).

Cieślak J. (2016), *Entrepreneurship in Emerging Economies: Enhancing its Contribution to Socio-Economic Development*, Palgrave MacMillan, Houndmills, Basingstoke, Hampshire.

Economist (2012), *Teenage angst*, *The Economist*, August 25<sup>th</sup> (<http://www.economist.com/node/21560890>).

Economist (2018), *China moves into Latin America*, *The Economist*, February 3<sup>rd</sup> (<https://www.economist.com/news/americas/21736192-asian-giant-taking-advantage-other-powers-lack-interest-region-china-moves>).

Galbraith J. K. (2018), *Backwater Economics and New Pragmatism: Institutions and Evolution in the Search for a Sustainable Economics*, TIGER Working Papers Series, No. 138 (January 2018), Kozminski University, Warsaw (<http://www.tiger.edu.pl/TWP%20No.%20138%20--%20Galbraith.pdf>).

Hu B. (2018), *The Belt and Road Initiative and the Transformation of Globalization*, Distinguished Lectures Series, Kozminski University, No. 26 (<http://www.tiger.edu.pl/publikacje/dist.htm>).

Huang Y. (2017), *Cracking the China Conundrum: Why Conventional Economic Wisdom Is Wrong*, Oxford University Press, New York.

Kolodko G. W. (2014). *The New Pragmatism, or Economics and Policy for the Future*, *Acta Oeconomica*, Vol. 64, No. 2, s. 139-160.

Kraemer K. L., Linden G., Dedrick J. (2011), *Capturing Value in Global Networks: Apple's iPad and iPhone*, PCIC Working Paper, Personal

Computing Industry Center, University of California, Irvine, July  
([http://pcic.merage.uci.edu/papers/2011/value\\_ipad\\_iphone.pdf](http://pcic.merage.uci.edu/papers/2011/value_ipad_iphone.pdf)).

Morris I. (2010), *Why the West Rules – for Now: The Patterns of History and What They Reveal about the Future*, Profile Books, London.