Chinese Economy

Wan Thabkrajang

In the past few decades, many developing nations have been strengthening their economic development. China is one of them. Since the economic reform in 1978 by Deng Xiaoping, China has been growing rapidly and now ranks as the second largest economy in the world, after the United States.

The speaker started the lecture by giving us an overview of the Great Leap Forward and the cultural revolution by Mao Zedung. At the time, China was transforming from an agrarian economy to a centralized production planning or a communist society with the ultimate goal of reaching the same level of industrialization as England and the US in less than 15 years. However, the plan did not succeed as it led to inefficient distribution of resources and a widespread famine from the lack of production technology and labour mismatch. After that, the cultural revolution ended in 1976 which had cost 1,613,000 lives, and a decline in the total school enrollment.

After 1978, Deng Xiaoping came into power and started to reform China's economy through reformation of the agricultural sector, government decentralization, openness and privatization. In 2018, as China was becoming one of the world's economic giants, US President Donald Trump viewed China as a threat to the United States and declared a tariff on its Chinese imports which led to what we call as the "trade war". In December of 2019, the Corona Virus or COVID-19 broke out in Wuhan China and resulted in a global pandemic. Since then, the gaming, medtech and e-commerce industries have been growing faster than ever. As of now, China is still struggling on issues such as resource distribution, migrant workers, education and unbalanced regional development.

In my opinion, China is having a big impact on CLMV economies because of its China plus one strategy. China plus one strategy is an international business strategy that involves China investing in Southeast Asian countries for cost control, risk diversification and new market access. Especially after the trade war, China has been making both direct and indirect investments in CLMV for new production facilities, and stock acquisition. Just in Vietnam alone, the total foreign direct investment (FDI) by China amounted to 2.5 billion US dollars. In addition, China has a free trade agreement with ASEAN and is a large trading partner for all CLMV countries, including Thailand. Therefore, the economic situation in China affects the economies, especially in the export-import market for all CLMV countries.

However, there are some aspects that I do not agree with the speaker. I think that her lecture on the Great Leap Forward and the cultural revolution only provides a one sided argument or the negative consequences such as propaganda used by Mao Zedung and a famine. I would have preferred if she explained the social situation in China before such a revolution occurred, what prompted it and were there any positive consequences.