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“Social and economic events of the Chinese Economic Revolution (1949-2013)”

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mention in Foreign Trade

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DEDICATORY

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ABSTRACT

The purpose of this thesis is to identify how the Chinese Economic Revolution (1949-2013) has caused economic and social gaps between the poor and the rich. Nowadays, unfortunately, many Chinese still live in poverty, considering that China has overpopulation with 1.369'811.000 citizens. The phenomenon of overpopulation has led to the creation of the "One Child Policy", which has consequences: aging population, abortions; thus violation of human rights.

There is the need to inquire deeply into the history of China, its beliefs, its dynasties, and its government. Thereby, it is easier to determine the main reasons and consequences of their economic revolution. The People's Republic of China or the "Middle Kingdom", founded in 1954, shows its Sino-centrism throughout its political, economic and social history. On the other hand, the Communist Party of China, with Xi Jinping as president, is the essence for the orientation of the interests of the Chinese, for the development of China's productivity, and for the starting point that the government uses to make national and international decisions.

Mao Tse Tung and Deng Xiaoping were the promoters of the transformation of China. Mao Tse Tung based mainly on the socialist industrialization and socialist agricultural changes; however, those events were the reason of millions of deaths in China and the worst famine of the world. Deng Xiaoping followed the development process of Maoism, but he did it with his own ideals, such as: application of economic reforms, trade liberalization, implementation of productivity factors. It helped to establish an economic model of investment, saving and exports in China.

Nowadays, China's social development faces challenges to which economic and social policies will need to answer for. A main challenge is to fight for the high inequality in incomes, consumption; and access to education, health care, jobs and social protection. In addition, China not only needs to overcome the rapid aging of the population, but also, it needs to manage growing cultural, social and economic diversity to reduce the gap between the poor and the rich and decrease the current human rights violation.

INTRODUCTION

Nowadays, Asia is considered one of the most dynamic, complete and complex continents worldwide. China has contributed to open Asia doors to the world due to the fact that China's economic revolution does not stop. However, it is important to expose the gaps that Chinese economic development has caused, especially social ones, in which China is involved in as a country in vogue. In terms of GDP per capita China shows a meager economy with unsustainable environmental pollution and other latent social inequalities. With the above background, we should not lose the perspective that China is still a developing nation.

Focusing on China's economic evolution, it was the world's largest and fruitful country from the early 1500s until the early 1800s. The next two centuries were chaotic for China due to the fact that it was invaded by the British thus its economy went through catastrophic decline. Furthermore, Maoism policies were too hard. When Deng Xiaoping became the leader, China could lay down its economic foundations for post-1978.

This work conducts to an investigation into the social and economic gaps caused at present considering the Chinese economic evolution as a foundation for the time period 1949-2013. This analysis is split up into three stages: from Maoism era of 1949 to the economic reform of 1978 with Deng Xiaoping, the Chinese economic development from 1979 to 2012, and finally the economic strategies and the social consequences for rich and poor due to Chinese economic revolution.

Secondly, it is essential to emphasize the underlying and main reasons for the current social gap unseen but felt in China. Therefore, this thesis will take into account the opinion of Chinese people through direct interviews to determine their real points of view about the economic development of China and its legacies, the rank of social inequality and the level of hidden capitalism in their everyday living. Finally, it is indispensable to determine possible ways to get over this gap through some likely strategies as suggestions.

CHAPTER 1: BACKGROUND

1.1. Overview of the People's Republic of China

1.1.1 Population and Geography

Population:

The People's Republic of China has the largest population in the world ahead of India. According to the World Bank Statistics, China population is 1.369'811.000, which became the 19,54% of the world population by the end of 2013. Unfortunately, many of Chinese remain in poverty.

Chinese population has a life expectancy of 71 years. There is an imbalance between boys and girls. The Chinese prefer boys' births because part of the population thinks that only men can support a family. Furthermore, the cost of raising a daughter is even bigger because of her marriage, time when girls leave their families. That is why some Chinese use a known proverb: "Raising a daughter is like watering your neighbor's garden". There is a big imbalance between male-female sex ratio. The ratio is 118 men to 100 women across the country. This problem has provoked a "marriage squeeze" because nowadays 30 million men do not think on marriage. Therefore, prostitution, female trafficking and women missing have increased. (Kerr, 2014)

In terms of science and technology, both of them are considered essential elements that lead us see in a blink of eyes the Chinese overwhelmed growth. China has not only the world's longest high-speed rail network with 9.676km, but also expressways with 85.000 km. Bachelor degrees in sciences are graduated than any other country; and renewable energy technology locates to China as the largest investor worldwide. However, around 900 million Chinese work for 20 cents per hour under deplorable conditions. (Kerr, 2014)

Overpopulation:

According to Dr. Sterling Kerr, professor of International Studies School at University of Azuay in Cuenca, China has been the most populated country worldwide for many years. On one hand, at the time of Mao, it was not possible to talk about overpopulation due to the fact that he considered it an anticommunist action if there was any attempt to decrease population. Approximately 51% of the population is urban, and it may increase to 70% by 2035.

On the other hand, Deng Xiaoping, Mao's successor, was conscious in which consequences the Chinese demographic growth could provoke in the future. He analyzed that the population can become double after nineteen years. In this context a polemic issue appears: "One Child Policy". This plan was adopted in 1979. It was strictly applied to the Han Ethnicity and citizens of urban areas. It restricted Han Ethnicity couples to have more than one child. Nevertheless, the rural population was allowed to have a second child five years after the first child. Slightly over 250 million births from 1979 to 2011 were prevented. It provoked millions of forced abortions. Nowadays, abortions continue at the rate of 500,000 per year. This preference for boys and selective abortion of female fetuses have incited gender imbalance among Chinese children. This situation will cause a giant gender inequality, thus the increase of an approximately thirty-five millions men more than women in 2019. (Palacios & Ramirez, 2011)

Andy Wang, one of the interviewees for the development of this thesis, explained that "One Child Policy" is especially applied in the North of China. If he and his wife have more than one baby, they have to pay a fee that represents two years of Andy's income: 100.000,00 RMB, being approximately 16.000,00 USD. When Andy was asked if he would like to have a big family with more than one baby, he answered: "Yes of course, but I cannot. I need to take care of 7 people: my parents, my parents in law, my wife, my baby and I. It is impossible to have a second baby in my family." He plans to have a baby after 5 years. In addition, they do not have time even to enjoy a weekend because their jobs are the most important. Finally, he affirmed that this policy could affect to the economically active population of the

country in a near future. Then, he stopped talking about this issue due to the fact that this topic is dangerous if there are negative opinions of the government.

Geography:

The People's Republic of China is subdivided into 32 local government units: 23 provinces, 5 autonomous regions, 4 municipalities; all of them are under direct management of the central government. China limits with fourteen countries occupying 22.000 kilometers of perimeter: Afghanistan, Bhutan, Burma, India, Kazakhstan, Kyrgyzstan, Laos, Mongolia, Nepal, North Korea, Pakistan, Russia, Tajikistan and Vietnam. (Palacios & Ramírez, 2011)

China impresses with its vastness and variety, being the third largest land area in the world with 9,6 million square kilometers behind Canada and Russia. Many Chinese do not find an affordable place to live, while many cities are almost empty without habitants. However, thousands of Chinese have left the country because of unhealthy pollution and the marked differences in the Chinese social strata. (Palacios & Ramírez, 2011)

Chinese mountains are the largest on the planet, the Everest with 8.848 meters of height. Its Gobi desert in Mongolia is the third largest desert on the planet with 1.166 square kilometers, after the Sahara and Arabian deserts. And finally, China also has the deepest area of the world, Turpan Depression, located at 154 meters below sea level. (Palacios & Ramírez, 2011) China has 3 important rivers:

Yellow River:

The Yellow River, with 5.464 meters of length, flows through the North China Plain and flows into the Bohai Sea. The "Yellow River" name comes from its yellow color due to the loess silt. The Yellow River overflows causes hazards for the inhabitants of the area. The Yellow River produces a strong economic unification of the region. (Kerr, 2014)

Yangtze River:

The Yangtze River is the third longest river worldwide after the Amazon and Nile. It has 6.418 Km of length and it flows through central China to the sea by Shanghai. This river has a huge catchment basin. The Yangtze River, considered the most active river around the world, is an important basis for the Beijing's governmental plan: to equilibrate the economy supported by the interior Heartland. (Stratfor, 2012)

The Yangtze River, often named as the Mississippi of China, splits the area up into three segments: the upper portion from Sichuan to Chongqing; a middle centered region on Wuhan and the lower part up to Shanghai. Due to the influence of the Yangtze River in the western and central zones, there is a possibility of launching not only a second industrial base, but also a rural urbanization in the zone. Through this plan, a new middle class can appear with higher wages, without the need of migrating as far away. The Yangtze River provides a big navigable part with 2.800 Km. This river helps transport water, instead of using a rail or road. (Kerr, 2014)

Pearl River:

Even though the Pearl River is the shortest one in China, it is also important. The Pearl River is formed by three tributaries: the Bei River, the Dong River and the Xi River. It is located in the South of China, becoming a benefit for Macao and Hong Kong.

In terms of Geology, China is very susceptible to natural phenomena, especially earthquakes. The worst earthquake in Chinese history has been the Shaanxi Earthquake in 1556.

A billion people habit the Han Heartland, located in the eastern region; which includes the Northeast China Plain, the North China Plain, Lower Chang Basin, Southeast Uplands and Lower Xi Basin. The Han Heartland is available for fertile lowlands and foothills; hence agriculture is practiced over there. (Kerr, 2014)

1.1.2 History

Nowadays, talking about the People's Republic of China, there is a relation with an early civilization and a rich history. Some inventions made by Chinese ancients, such as block printing, papermaking, gunpowder and compass, have contributed to the progress of humankind. The traditional name of China is Zhongguo, and it means: "The Middle Kingdom". This idea of centrality is present in its whole history. (Oppenheimer, 2006)

Oppenheimer stresses that Chinese Empire, with its peculiar geography, was pushed to an inner development, being carefree of external threats. It provoked two serious consequences:

- The creation of a "civilizational system", where Chinese considered themselves the unique civilized nation in the world. Hence this Sino centrism concept arose: "All under Heaven". This system lasted almost three thousand years. China, as the Middle Kingdom, saw other nations from its intrinsic superiority.
- The other consequence was the conception of China's history through dynastic cycles. Its official chronology registers 22 successive dynasties.

Chinese, just feeling safe with their geography, never had a special interest in military issues. That lack of a military system led small subversive groups defeat each ruling dynasty. However, each dynasty achieved any development and prosperity, especially in economic issues.

China is also recognized around the world by its engineering feats such as The Great Wall and the China Grand Canal. Due to fossil remains, it has been determined that Chinese men have lived long. For example, archaeological finds of primitive ape men have been found in many parts of the country, like the Yuanmou Ape Man fossil remains, which stayed in Yunnan Province approximately 1,7 million years ago. (Chinese Government Official Web Portal, 2013).

Chinese feel really proud to be offspring of the Yellow Emperor, who was a tribal chief habitat of the Yellow River Valley four millenniums ago. The Yellow Emperor

taught men to domesticate wild animals and to grow some types of cereals. Nowadays, the Yellow Emperor is considered the ancestor of Chinese people, those one calls themselves the “descendants of the Yellow Emperor”.

The Xia Dynasty was the first one that emerged in China 4,100 years ago. Smelting and casting of bronze helped to reach a higher level of productive growth in China, time in which history started in this country. The Xia Dynasty was a slave society and it was defeated by warriors of Shan Tang (about 1046BC - 221BC), founder of the Shang Dynasty. There was disintegration of the slave system at the end of this dynasty.

The Qin Dynasty (221BC-206BC), commanded by Emperor Qin Shi Huangdi, carried out different reforms, where standardization of weights and measures was included. The launching of a single currency was implemented. Qin Shi conscripted approximately 300.000 workers to build the Great Wall. Handicrafts and agriculture marked the progress during this dynasty, with prosperity in arts, science and culture. Qin Shi is the developer of the Chinese writing, which became a cultural phenomenon. Other countries as Japan, Korea and Vietnam adopted Chinese writing to transcript their own languages. This dynasty was one of the most famous of the 22 dynasties. (Chinese Government Official Web Portal, 2013)

Western Han Dynasty was full of corruption. That is why Liu Xiu replaced the Western Han Dynasty with the Eastern Han Dynasty that was founded in AD25. Culture and science continued in ongoing progress.

Sima Yan, influence of the Kingdom of Wei, established the Western Jin Dynasty. However, some ethnic groups broke out, becoming as result: 16 small kingdoms in northern China and the collapse of Western Jin Dynasty, provoking the setting up of the Eastern Jin Dynasty in the south.

In 581, China was unified under the Sui Dynasty; however, the country's economy was ruined by Emperor Yang Di's corruption due to an excessive military expense. In reaction to this mismatch, peasant uprising swept the country. Taking advantage

of this situation, Li Yuan, a military commander of this dynasty, founded the Tang Dynasty.

The Tang Dynasty (618AD-907AD) formed a powerful China; ranked among the most advanced countries around the world, with a large foreign relation as ever before. The relation ties with Korea, Japan and other countries of West Asia, Europe and Africa became stronger. A high level of technology in handicraft and agriculture areas was peaked during the Tang Dynasty. Furthermore, Tang Dynasty was honored by inventions in its time, such as: the gunpowder, the block printing and the astronomical clock. This dynasty is known as “The period of 5 Dynasties and 10 Kingdoms” because it suddenly came to its end in 907. After this dynasty, five more dynasties and ten kingdoms appearing between 907AD-979AD.

In 1644, after the Later Zhou Dynasty, the Ming Dynasty appeared under the command of Li Zicheng and Zhang Xianzhong. Both of them beat the peasant armies, forming the Qing Dynasty between 1644-1911. During this Dynasty, China enjoyed extensive territory and boomed production. However, Qing had an isolationist policy that plugged the country into ignorance of Western political, military, cultural and economic issues.

One of the biggest events that the dynasties went through was the revolution of 1911, when Sun Yat-sen overthrew the Qing Dynasty (1644AD-1911AD) in, and it led the founding of the Republic of China in 1912 up to 1949. It put an end to the feudal and monarchic systems that lasted more than 2.000 years.

Since 1699 China and England tied relations based on the opium traffic, even though Chinese laws prohibited this activity. In 1842 the first Opium War exploded against China, launched by the British imperialists. Other countries joined the invasion. The main foreign powers of the world pushed the corrupt Qing government to sign several unequal treaties. As a result, China became a feudal and colonial country. Few years later, the Second Opium War (1856-1860) broke out. This war was done with the Treaty of Tientsin. This treaty obligated China to legalize opium traffic and surrender 11 Chinese ports to Western powers.

In 1919, the “May 4th Movement” broke against imperialism and feudalism. Then, the Communist Party of China was launched in 1921. National monopoly capitalism emerged in China under Chiang Kai-shek’ rule. His fascist rule plunged China into misery and poverty.

After 1931, Japan intensified its aggression against China. It provoked the Anti-Japanese War after 6 years. The Communist Party of China and the Kuomintang Party (Sun Yat-sen party) joined their forces to face Japan. This war extended during 8 years. Finally, Japan gave up in 1945.

In 1949, Chiang Kai-shek regime was ousted. Then, Mao Tse Tung was proclaimed president with the formation of the People’s Republic of China on October 1st, 1949. It was considered a communist country similar to the USSR.

Between 1949 and 1956 the People’s Republic of China introduced a new “democracy” with socialism, economy rehabilitation, economy plans, and socialist transformation of the private ownership of production in most of the country. The guidelines of this Party led to phenomenal successes in China.

Mao Tse Tung looked for recovering the long-lost Chinese pride through his revolution. At the beginning, Mao applied several changes and rules, such as: unification of financial and economic jobs, elimination of bandits in the mainland, restructuring of government, confiscation of capitalist enterprises transforming them into state enterprises, stabilization of prices, counteraction of corruption.

Mao Tse Tung turned around the educational, scientific and cultural institutions of ancient China. In 1952, industrial and agricultural production of the country peaked high levels of success. Mao Tse Tung, in his proposal, embodied step by step a socialist industrialization and a socialist agricultural transformation in a long-term period. His governmental ideal was based on the idea that socialist industrialization is an essential requirement to get the country’s prosperity and independence. Mao Tse Tung raised a capitalism transition when his Party charted bases for socialist transformation, adapting the specific conditions of China.

In 1954, the Constitution of the People's Republic of China was launched in the First National People's Congress. In 1965, China had the chance to become self-sufficient in oil; thus that petrochemical and electronic industries were established rapidly. The capital growth in agriculture began on a massive scale.

The "Cultural Revolution" (1966-1976) was the main reason for the heaviest losses suffered by Chinese, since the founding of the People's Republic of China. In fact, the "Cultural Revolution" was a political rebellion with a clash of social strata, demonstrating that it was a struggle of citizens against the capitalist road.

In 1980 the Communist Party of China (CPC) and the State Council established four economic zones in Shenzhen, Zhuhai, Shantou and Xiamen. It carried China into a stronger relation with overseas and the openness to international business. In 1984, 14 coastal port cities were opened. Chinese caught up economic development even in other areas, such as the Yangtze River Delta, the Pearl River Delta, the Bohai Sea Rim and the southeast Fujian Province.

China felt a big change with the second revolution of Deng Xiaoping, who taking advantage of the achievements of Maoism, offered a better future for China. His main actions were: reduction of the strict Maoist rules, attention to private enterprise, foreign investment, application of measures for population growth, legalization of land and the emergence of a new entrepreneurial class.

Deng Xiaoping decided to put forward some diplomatic strategies to find domestic stabilization and feel a peaceful international environment in China. According to Chinese's Government Web Portal, China follows a new international political and economic order through Five Principles of Peaceful Coexistence, including: respect for sovereignty and territorial integrity, non-aggression, non-interference in internal affairs, equality, and peaceful coexistence. Deng Xiaoping instigated to establish diplomatic relations between the United States of America and the People's Republic of China, deal a peaceful treaty with Japan, regularize the relation between the CPC and the Soviet Communist Party, and also develop ties with the Third World countries. Furthermore, Deng Xiaoping has contributed to China's modernization,

development of the human being and protection of the world peace. (Palacios & Ramírez, 2011)

1.1.3 Government:

The type of government of China is “communist state”. Its latest Constitution was promulgated on December 4th, 1982. It was amended several times, having its last amend in 2005. Chinese can go to the polls when they are 18 years old.

The executive branch of China was elected in March 2013, and it is formed by:

- Chief of state: President Xi Jinping, who had a total of 2.952 votes; and, Vice-president Li Yuanchao, who had a total of 2.940 votes. National People’s Congress elects those authorities for a five-year term.
- Head of government: Premier Li Kegang, Executive Vice-Premier Zhang Gaoli, Vice-Premier Liu Yandong, Vice-Premier Ma Kai, and Vice-Premier Wa Yang. The Premier is elected by the president and confirmed by the National People’s Congress.

Talking about the legislative branch, it is a unicameral National People’s Congress. This branch occupies 2.987 seats. Its members are elected by municipal, regional, and provincial people’s congresses, and People’s Liberation Army to serve five-year-term.

In the judicial branch there are:

- Highest Court: it is the Supreme People’s Court. It consists of approximately 40 judges including the chief justice; 13 justices organized into a civil committee and different tribunals cases of civil, economic, transportation, administrative and communication issues. The People’s National Congress, with a limit of two consecutive 5-year terms, appoints the chief justice.
- Subordinate Courts: It establishes Higher People’s courts, Intermediate People’s Courts, District and Country People’s Courts, Autonomous Region People’s Courts, Special People’s Courts for maritime, transportation, military and forestry issues.

The Communist Party of China (CPC)

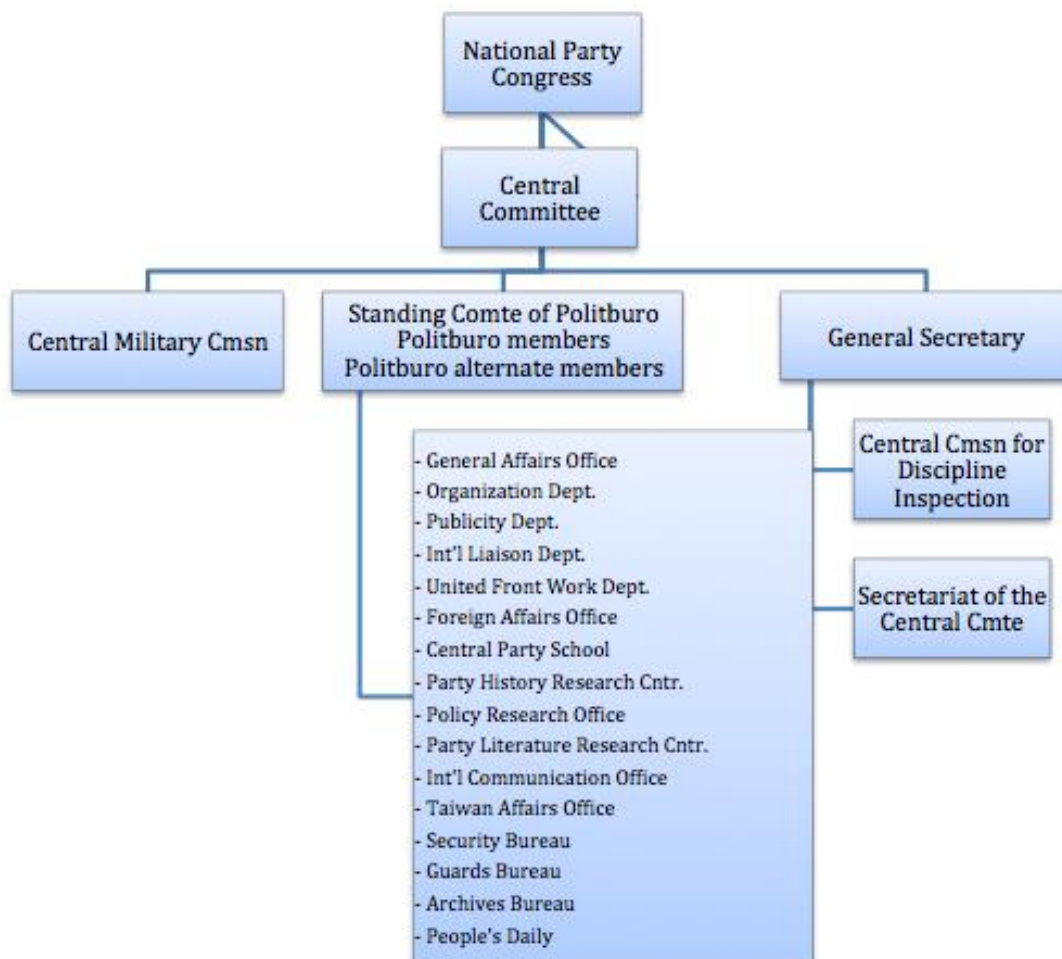
The People's Republic of China is ruled by a unique party: The Communist Party of China (CPC), founded in 1921, which is formed by approximately 80 million members, being the 6% of China population. Male mostly forms the Party, with few female members that are less than a quarter of the total. The CPC is a unified entity organized according to its constitution and the democratic centralism principle.

According to the International Department Central Committee of the CPC, the Communist Party of China is the precursor of both the working class and the Chinese nation. The CPC is the essence of socialism with Chinese characteristics, and it represents the orientation of China's culture, the development trend of China's productive forces and the main interests of Chinese. The highest goal of the Party is the realization of communism.

According to Guido Zambrano, one of the most well known events of China was the "Long March" between 1934 and 1935. It was a 10,000 km trip through the interior of China in 370 days, preceded by the troops of the Chinese Red Army (forces of the CPC). It supposed the rise of Mao Tse Tung for the next decades. After this event, the CPC came to Beijing on October 1st, 1949. From this date, the Chinese socialism started to be built under the command of Mao Tse Tung. Since then, the Party has the power to make decisions and the State is the organ that applies those decisions. Thus, the form of government is "Party-State". (Zambrano, 2012)

Illustration No. 1 National Party Congress of China

The Central Organizations of the CPC



Elaborated by: Verónica Álvarez

Source: <http://www.idcpc.org.cn/english/cpcbrieff/congress.htm>

The National Party Congress:

It is the CPC's organ of supreme power, held one every 5 years, and the Central Committee convenes it. Its functions and powers are:

- To hear and analyze the report of the Central Committee,
- To hear and examine reports of the Central Commission for Discipline Inspection,
- To decide on main issues of the Party,
- To check out the Party constitution, and,

- To elect the Central Committee and the Central Commission for Disciplines Inspection.

The Central Committee

The National Party Congress selects to the Central Committee. The Central Committee leads all the work of the Party when the National Party Congress is not available. It is elected for five years.

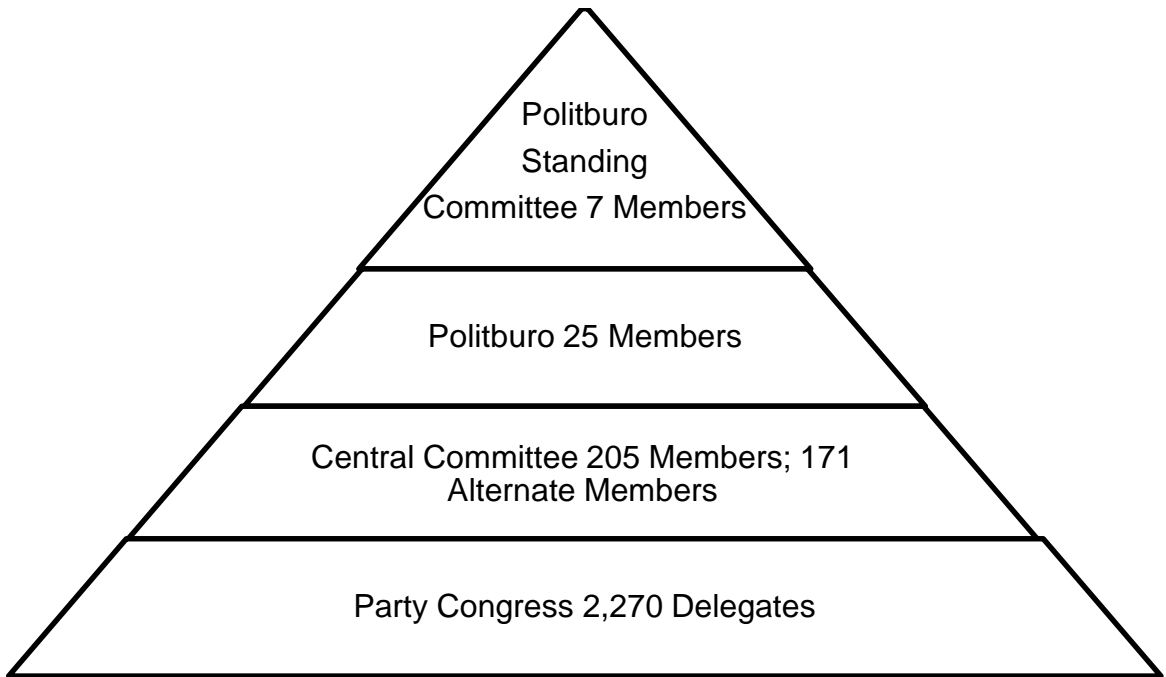
The Political Bureau and the General Secretary

They are elected by the plenary session of the Central Committee. When the Central Committee is not available, the Political Bureau and its standing committee occupy the functions and powers of the Central Committee.

Offices and departments

There are offices and departments under the Central Committee: the Organization Department, the General Affairs Office, the Publicity Department, the United Front, the International Liaison Department and the Policy Research Office.

Illustration No. 2 Communist Party of China - Hierarchy



Elaborated by: Verónica A. Álvarez A.

Source: <http://www.news.cn/english/special/18cpcnc/index.htm>

The 7 Standing Committee members (Politburo Standing Committee –PSC) are the main leaders of the government during 10 years; time when all rules and norms are made by mutual deal. This Committee is on the top of the Party’s hierarchy, becoming the most powerful policy and decision-making entity. In its field of operation, the delegates to the Congress elect 25 Politburo members, who select the Standing Committee. Following the process, the Central Committee has 205 full members and 171 alternate members, group where Politburo members are included. As we can note, each member has a rank from one to seven, and each one is responsible for a specific portfolio. Finally, 2.270 delegates form the Party Congress.

In 2012, the CPC elected its two main leaders: Xi Jinping (General Secretary of the CPC Central Committee and current president), and Li Keqiang (Premier).

Xi and Li have considered the next matters as issues of concern:

- Control of buffer areas,

- Set up a protective naval perimeter on the East Sea, Yellow Sea and South China Seas,
- Elimination of expenses on infrastructure projects without sense,
- Increase of a stronger middle class,
- Reduction of corruption,
- Encouragement to export production in cheap work areas of Africa and Asia,
- Retreating of pollution; and,
- Reduction of the urban-rural gap.

The government has enlisted reforms, but just some of them have been addressed. This imbalance has caused unconformity in terms of party's ideology, which has become a reality of Chinese politics and social sphere.

1.1.4 China's Currency

The official currency of China is the Renminbi (RMB) that means: "currency of the town". The RMB's value, against the U.S. dollar and other currencies, has been an issue of concern for many. In 1994 China began to stabilize the RMB about 8,28 RMB per dollar; and it kept this rate constant up to 2005. The pressure of major trading partners carries the currency to have a managed peg system, allowing the RMB to regularly appreciate over the next three years. Since July 2008, China suspended RMB appreciation due to the effects of the global economic crisis on China's exporters. The RMB appreciation started again in June 2010. Calculating in 8 years (2005-2013), the RMB appreciated by 34% on a nominal basis against the dollar. The last two years, China's account surplus has declined dramatically; causing a low of foreign exchange reserves. That is why some analysts agree that the RMB is not an undervalued currency against the dollar, as it was once. (Labonte, 2013)

Many analytics contend that China should take strong steps to rebalance its economy, by reducing its dependence on exports and fixed investment, but encouraging the level of domestic consumer demand. China's government has guaranteed to continue making its currency policy more flexible; however a fast

appreciation of the RMB could cause a lot of job losses, especially in export sector, thereby cutting the economy off.

1.1.5 People

Thousands of Chinese have left their land to around 34 countries overseas; showing how the “incredible development” of the country has profoundly affected the social sphere of their people.

There are two important elements that describe Chinese identity. First of all, the importance of paid or unpaid work. Chinese always want to be an active actor in society because this ideology is related to the ideology “worth and belonging”. The second element is the impact that the lack of labor or an unbalanced job can provoke in their identity, thus, in society. This unbalanced impacts its identity due to the fact that a regular quantity of Chinese citizens is considered workaholic.

China is a multi-ethnic nation with 56 groups. The 91,6% of the population belongs to the Han ethnic group. The other 55 ethnic groups are ethnic minorities. Those minorities are distributed over vast areas, occupying 64,3% of China. They are mainly located in the north of the country. (Chinese Government Official Web Portal, 2013)

1.1.6 Beliefs and religion

China, an ancient civilization, is the result of a secular heritage with religious aspects that have shaped a peculiar worldview. Three religions or schools of thought, which arrived at different times, provide the Chinese cosmology: Confucianism, Taoism and Buddhism. The local Gods are always considered important. There are different kinds of Gods: river gods, home gods, hills gods, soil gods, and so on. Above them are the God in heaven and the Mountains God. This is polytheism where people believe in the survival of souls. What is amazing is that different religions can coexist, without any problems, in a same temple. (Palacios & Ramírez, 2011)

In today's China, there is greater freedom to express religious beliefs. Despite their efforts, Maoism tried to disappear religious beliefs; however, when circumstances

allowed, they have reappeared. Now religions are considered identity instruments capable of giving coherence and strength to the Chinese society of the XXI century.

Religious freedom appears in the Constitution of 1982 when the State restored Chinese religious heritage. However, the rest of the current religions in China are fearful, as Tibetan Buddhism, which is an identity instrument for Tibetans.

Confucianism:

Confucianism is a religion and a philosophical attitude that matches a religiosity feeling with skepticism and agnosticism. Confucianism became an inherent class system of Confucius: the Chinese intelligentsia. Thus, it is said that Confucianism was and is the expression of the lawyers or the mandarins, who became the officials of the new China. They represented the authority of the State that was consolidated with the first great empire, the Han.

Emperor Wau founded the Great School of Confucianism in 124 BC and now it is based on five classic books: "Mutations", "Odes", "Documents", "Spring and Autumn", and "Rites". Between the VIII and XII centuries, the neo-Confucianism was readjusting Confucianism guidelines and setting the official doctrine of Chinese wisdom.

Confucianism interprets the world respecting the Chinese tradition, but running from primitive popular beliefs. Confucianists use old words and grassroots concepts with a new philosophical sense. For example, the yin and the yang, which represent contrary images and ideas. The yin and the yang regulate the seasons, the alternation of day and night, cold and heat. In humans, this duality is expressed in love and hate, joy and anger. The principle of this alternation is the Tao. A Chinese proverb expresses well this statement: "once ying, once yang; and the unit generates, the Tao."

This explains that as the nature follows its Tao, men are free to depart from the way of the Tao, breaking the pattern of righteousness, and destroying the world with their evil deeds. That is when the man, according to Confucianism, cause physical

disturbance as earthquakes, floods; and human reactions as famines, uprisings, and so on.

The Prince or Mandarin has a high level of superiority that is not questionable; and it justifies obedience and respect that he deserves, as Confucius says. Confucius preached respect, humility, submission and subordination to superiors in rank and age.

Confucianism is an intellectual, political and social organization at the same time. Thanks to it, China preserved rationalism against the religious actions of Taoism and Buddhism, which were strong up to X century.

Confucianism in turn was banned with the proclamation of the People's Republic of China in 1949 due to the fact that it was considered as an element that encouraged people to passivity. The communism had to fight against Confucius preaching to change society, especially in Cultural Revolution moments between the years 1966-1976. Because of atheism force, both Taoism and Buddhism were banned, religious and faithful were persecuted; and temples and museums were closed or converted.

Taoism:

Taoism is contemporary of Confucianism, and it appeared in the protracted crisis of China between VI and VII BC. Taoism is a religion of salvation and a mystical quest. Its founder is Lao Tzu. This popular religion is characterized by the worship of various deities and ancestor veneration.

Taoism is a mystical search for the absolute and immortality. The Tao, that means “the way”, is the supreme principle of order and unity of the universe corresponding to the forces that are at the heart of nature and act on the cosmos.

The cosmos works through the action of two forces, yin and yang. The yin is composed of *kwei*, a specification of evil spirits; while the yang is composed of good spirits, the *shen*. The *kwei* goes into darkness and the *shen* goes into heaven. Hi Fu is the father of the cosmology of yin and yang in Taoism. The practice of Taoism was banned in 1927 by the nationalist government of Sun Ya Tsen, Protestant Christian;

however there is still population who practices this religion. (Palacios & Ramírez, 2011)

Buddhism:

Buddhism is chronologically the last of three big China's religions that was imported by missionaries from India and Central Asia. It came to China with the Han Dynasty at the beginning of the Christian era. Between IV and VI centuries Buddhism became the most widespread religion in China, achieving its greatest strength between VI to VIII centuries, becoming the official religion of the Empire.

Buddhism found opposition from Confucians and Taoists in the intellectual and the political field within China. Buddhism suffered various persecutions, the hardest one in the year 845, which virtually ended his public influence.

Buddhism is based on these moral precepts for a righteous life: no killing, no stealing, no nasty utter words, keep a proper sex life and forbear of drugs and alcohol. Buddhism says that everything happens with a reason, thus it does not believe in random. Buddha believed that living things are the results of their own Karma.

There are followers of Buddhism thanks to the Tibetan diaspora and also thanks to the Westerners interest, for whom this religion, without a god, is also seen as a philosophy and as a more affordable religion. Tibetan Buddhism preaches tolerance and peace, posing as a humanism that is intended to guide human life to avoid suffering. (Palacios & Ramírez, 2011)

Neo-Confucianism:

Neo-Confucianism, known in China as "School of Nature and Principle" predominates from the XI century up to the contemporary time. The initiator of the school was Zhou Dunyi.

Neo-Confucianism has two aspects: one more reformist, concerned about politics and society; and other more speculative, metaphysical, moral and even mystical.

China shows a broad mosaic of religions that are sometimes practiced at the same temples, showing at the same place the Buddha statue, the altar of the local god and the Confucius. The colorful temples appear in the highest parts of cities and towns representing the three religions at once. Sometimes Buddhist and Taoist temples officiate their religions in the same temples, receiving sacrifices from their followers. Thus, attempts to convert the Chinese to a single religion have always been vain. (Palacios & Ramírez, 2011)

1.1.7 Language

The language known as “Chinese” is actually the Han language, and it has its origin in the Northern China Plain. Chinese language has a territorial expansion that place 10 kind of main dialects and thousands of secondary dialects too. Four of them have a generic name: “Mandarin” and are part of the North, the Northeast and the Southwest Chinese provinces. (Palacios & Ramírez, 2011)

On the other hand, the East, the Southern and the Southeast regions speak other languages; such as: Wu language in Shanghai, Min language in Fujian-Taiwan and Cantonese language in Guangdong province.

The official language of the government is Mandarin. This is a standard language based on dialects of Beijing. Chinese nationalism appeared in 1919, and then China tried to develop a “national language”. When Mao imposed the “standard Mandarin” in 1949, it became a legal language.

Chinese found an easier way to speak Mandarin, reducing the number of strokes of some characters and imposing a unified transcription system of sounds into Latin characters. This process is called: the pinyin system.

Splitting the language into regions, Mandarin is spoken in the North (predominant language), and Cantonese in the South with Wu language. Even though all have the same kind of writing, their spoken language is rarely understood between different Chinese zones. (Palacios & Ramírez, 2011)

1.1.8 Art and culture

China is one of the most artistic civilizations and cultural richness due to its geographical extent, its population and its long temporal continuity. Unfortunately, the events of XIX and XX centuries did irreparable damage to China. The Taiping Revolution, the looting of European explorers during the Opium War, the Republican Revolution, the Balkan War, the destruction of the Japanese invasion and Civil Wars were only the first phase of the tragedy that marked the awakening of ancient China. The highlight of this destruction was in the XX century when the Great Proletarian Cultural Revolution ignited a radical fever throughout the country. Only the Great Wall, the Forbidden City and the Xi'an City Walls were honored.

Architectonic Art:

Chinese use mainly wood for art, even though Buddhism citizens prefer stone and brick. That is why the oldest preserved buildings are the huge brick pagodas of VI century B.C. The pagodas are archetypal buildings of Chinese architecture, inspired by Indian Buddhism. They have many plants and they appear in Buddhist temples to accommodate religious statues.

The history of Chinese architecture is parallel to the empire. That is why it has at least 3000 years, time in which very little has changed. The same pattern is repeated for architectural imperial and religious buildings. Three elements make up these buildings: platform, framework of pillars and walls. A front door, enclosures, rectangular courtyards and a series of pavilions configure these buildings.

Illustration No. 3 Yu Garden Zone Shanghai



Picture taken by: Verónica A. Álvarez A.

The pavilions have a platform of soil or stone and a grid of wooden pillars. The front has bays. The columns and beams are fixed with brackets that give corbelled roofs. The wood has bold colors, and the covers are curves of tile or straw. This picture was taken in Shanghai near to Yu Garden area.

The most notable buildings are the palaces, which seek harmony and unity with nature using gardens, trying to make a mix of architecture with nature. There are three basic principles of palaces and private houses: asymmetry, horizontal and facing south.

In general, the oldest and the most conserved building is the Songyue pagoda, built with brick in 523 B.C. China cities are planned according to their cosmic harmony. Beijing was built between XV and XVI centuries, and it is still one of the best Chinese examples of urban planning.

1.2. Global vision of the economic and social situation in China

Since 1984 the People's Republic of China has driven its foreign policy with five main aspects of Chinese Foreign Relations: (Mora, 1999)

- Independence of bloc of countries or any powerful nation.
- Development of relations with any country on the basis of the Five Principles of Peaceful Coexistence.

- Opposition to hegemony.
- Union with the Third World.
- A policy of economic flexibility: the open door.

1.2.1 Viewpoint of the United States of America: world power

The United States of America is the country with more capital wealth worldwide. As it was mentioned before, China considered itself “the Middle Kingdom” or “Zhongguo”. Henry Kissinger explains in his book “On China” that this belief of China was broken in XIX when the relations with the United States of America started, causing effects on Chinese diplomatic relations. In fact, horizontal diplomacy imposed by the West was unknown and humiliating in Chinese hosts. Definitely, the political system of China was broken, as we can analyze in some cases:

- Foreign trade was seen under the concept of “Zhongguo” as a tribute to Chinese superiority and not as an ordinary act of exchange to meet specific needs. The change was not easy for the emperor and the Chinese bureaucracy when West wanted to trade on equal terms.
- The main idea of the “Middle Kingdom” to fight the barbarians was to take the barbarians part of Chinese civilization; however, the Western broke this scheme with the aim of "equal treatment" imposed by the military superiority.
- Chinese people sought ways to defend against this threat through the policy “do the barbarians fight each other”, which is an Asian version of the popular adage “divide and you will rule”. With this expression the Chinese sought to weaken the Western "barbarians", to deteriorate their strong domain. (Kissinger, 2011)

Barack Obama, in a speech on January 26th of 2011, expressed his worries about the competitiveness of the United States with the world; emphasizing the importance of preserving the global technological leadership. Focusing on the academic field, the decline of engineering in the United States comparing with the increase in China is astonishing. A report of the National Academy Science of the United States warned that China graduated 600.000 engineers in 2006, while the United States graduated

70.000 engineers. However, the quality of professionals in both countries is completely different, being the U.S. on the top. (Zakaria, 2008)

The State Department and the U.S. Agency for International Development engage China as a development partner with enough resources to invest in Chinese future. The U.S. protects its national interests and values through the promotion of rule of law in China, improvement of Chinese health, and help to Tibetan areas. Barack Obama, in his speeches, has often spoken about the need to advance in democracy issues in China; topic that criticizes directly to China's political system. President Obama spoke at a press conference in Bangkok in November 2012, where he showed his support in favor to fundamental rights in China, including the freedom of citizens to choose their governances going to the polls. Barack Obama thinks that communism is not a correct model of governance. That is why he declared that it is not possible to get prosperity without freedom; otherwise it would become a form of poverty. In that context, Barack Obama has begged China to decrease restrictions on freedom of speech, religious, Internet freedom, labor rights and ethnic minorities. (Lawrence, 2013)

Most Americans perceive China as the unique threat to the American way of life due to the fact that its large population and its vast territory will let China to overcome the United States economically and militarily. (Hardy, 2011)

China has followed the Japanese strategy in finance and export stages to power its development. However, experts of the United States think that China's system, copied to Japan, will fail as Japan did in 1990. China will face a societal breakdown and an economic meltdown. Furthermore, China will not have navigable rivers to keep its economy ports. It means that China lacks of natural capital generations including its weak economy of the vast interior, home of around 800 million needy people. In result, China will not have the enough capacity to generate its own capital and technology in long term, bringing poverty back to its people. Chinese leaders recognize that China depends on the American seas power due to two main reasons: receiving raw materials and shipping their products to global markets; being conscious that the most important of those markets is the United States. Furthermore, China pillars for its success are based on America. (Stratfor, 2012)

1.2.2 Viewpoint of the European Union

The European Union and China formalized their relations in 1975, focusing on economic and trade issues. These two topics also included global governance, environment worries, cooperation on security and economic affairs. In fact, the EU-China political ties remains mainly influenced by economic issues.

The most sensitive issue of the European Union – China relationship has been the protection of human rights. The EU is handled with the ideology of lawing and promoting respect for human rights compliance. China did not partake in the resolution of the UN Human Rights Commission in 1995 due to the fact that there was one vote against it, and the respect of human rights in China remains a matter for debate in the Europe Parliament forum. On the other hand, there was the creation of a formal EU-China Human Rights Dialogue in 1995. That year, the wish to encourage a positive change in human rights issues has been promoted, avoiding forcing change through pressure and coercion. (Men, 2008)

Environmental concerns are another key area of EU-China interest. The European Union has supported different projects in China to improve environmental governance and technological development. However, it has been somewhat difficult to find a reconciliation of EU-China positions on issues related to environmental change.

The rise of China remains a global liberal order, and it also implies a strong potential for effective cooperation between Europe and China. Talking about the political relationship between the EU and China, there are key challenges summarized in: the economic relationship with China and the promotion of human rights, the rule of law and democracy. (Men, 2008)

1.2.3 Viewpoint of South America countries

Few scholars and intellectuals have attempted to figure out closely the social and economic relationship between the People's Republic of China and Latin America since the late 1970s.

A common Latin American has perceptions about China as an aggressive expansionist powerful country. (Creutzfeldt, 2013) Although China's power has grown significantly in relative terms, their foreign political relations with Latin America is defensive and it is guided by three main concerns:

1. To maintain the territorial integrity,
2. To keep economic growth,
3. To limit unstable influences from abroad.

Those concerns are directly related with the social stability in the national level, being the main concerns of the Communist Party of China. The Chinese government is also interested in the national cultural unity, the regional integration and the international cooperation. On the first hand, Sun Hongbo explains that China trusts in a stable development of the Community of the Latin American Nations and the Caribbean and he hopes that it becomes a positive way to find the dialogue between China and Latin America. However, in general terms, China sees Latin America as a region with common features, shared history between regions; and similar resources and political realities.

China did not have a strong relation with Latin America in terms of cultural diplomacy between 1949 and 1958 due to a main reason: distance. Latin America is geographically too far from China to be of primary interest for economic or political; time when media ways were completely different of nowadays. (Ratliff, 1969)

In 1989 China launched an aggressive diplomatic campaign. The Chinese Communist Party established ties with noncommunist parties in Latin America to keep a state-to-state relations strategy. It was for Chinese an important component to strengthen cooperation with third world countries. Furthermore, China and Latin America also started to expand their academic links. Even though Sino-Latin American relations advanced a lot during 1980s, the Third World has received several marginalization in its foreign policy by the People's Republic of China (PRC), due to the fact that the PRC looked for stronger ties with the United States and Europe. (Mora, 1999)

On the other hand, Gonzalo Guimaraens, writer of the Cuban electronic journal “Guaracabuya”, says “in economic terms, few voices were raised to warn about the trick waged by China to transform Latin America in a giant supplier of raw materials; and in human rights field, almost no one of Latin America has raised their voices to complain about violations of human rights in a communist nation of millions named China”. It means that Latin America is a conformist exporter region of raw materials to the Asian giant. Besides, some Chinese critics stressed that China has provoked institutional violations against human rights, such as: one-party dictatorship, lack of independent judiciary, religious repression, use of psychiatry against opponents, journal control, internet censorship, and so on. (Guimaraens, 2012)

Nowadays, China has made a huge economical effort to be a good partner in Latin-American development. Moreover, China has provided to South America financing for structural investments to expand energy sources and improve infrastructure. On the other side, China quests for food, minerals and oil from South America, trying to get a strong presence in the region that has traditionally been more related to Western Europe and the United States. In this way, the world power relations are reshaped. Today, it is not any new that China is making huge investments in Latin America to encourage land productivity and develop logistics to transport agricultural products to China. (Onis, 2014)

1.2.4 Chinese opinion of their own situation

A study developed in China has helped their people to determine the Chinese thoughts; to show the world that they are. The analysis performed by the United States, Europe and South America regions, show a different point of view the Chinese reality. Throughout my visit to China, I had the opportunity to interview different people and I chose three of them which are: Mr. Andy Wang, worker of a company and entrepreneur; Ms. Margarita Li, saleswoman of Yankon Company; and Mr. Wanglei Li, owner of Safewell Company. Those interviewees were chosen due to the fact that there was the opportunity to contact them because of my job. Before interviews, I presented a draft of the topics. Then, they were willing to accept my meeting to talk about their lives and opinions of their country. Furthermore, I especially focused on those three Chinese because each one had different economic

situations, so there was the possibility to figure out what kind of thought each one had from their economic lifestyles.

Andy Wang explained that China is a country where education and health are too expensive; furthermore, the government does not give any kind of help to its citizens in those issues. Andy argued that the current government is much better than the previous one. However, there is still corruption within the government. Besides, nobody has the courage to face the Communist Party. Corruption is minimum, however, it is still present, said Mr. Wang.

About their lifestyles, Andy said that rich people in China have lots of benefits and earn sums of money without having too much work. For example, he has some former classmates who work in governmental jobs, where they just read the diary, drink tea, play some games. They are couch potatoes. He has to work 10 hours per day and earns less money. This is an example of a social gap between the rich and the poor.

Nowadays China adds 17.000 billionaire businessmen, as much of its history; with an average age of 51 years; accumulating \$ 5 billion US dollars, according to Hurun magazine.

Andy disagrees with the Unique Party System that China manages. He would prefer a democratic system. Nevertheless, he is conscious several political parties could cause political, social and economic chaos. He preferred to work along with the Communist Party of China. On the other hand, Andy confirmed that Chinese work style has overcome human rights laws, affecting their rights and health. This situation confirms that money is more important than people in China. Chinese government cares about money and it seems that this will bring happiness, which at the end is not, said Mr. Wang.

Andy also noticed that Mao Tse Tung was the foundation for a change that transformed China. He admired Mao. Andy remarked that Deng Xiaoping followed Mao's system, making China a greater country. Deng did a complete economic change in the country, which was devastated decades ago. Andy concluded that

Chinese just live to work, instead of working to live; therefore, they abandon their families.

Another interview was for Margarita Li, who works as saleswoman 10 hours per day. Sometimes, she has to work away from her town despite leaving her husband and son alone. She explained that nowadays the government is investing in the rural areas due to overpopulation in these regions. The main goal from the government to get money is to encourage rural citizens to stay in their land and produce there. The government is building new factories and companies to increase the production and hand labor.

When Margarita was asked about her salary, I compared it with the factory worker salaries and there was a huge difference. She earned 12500 RMB monthly, while the factory workers salary was approximately 2500 RMB monthly. Margarita belonged to the generation of the 80's, which she considered the hardest time she had lived. She said that she had to pay high taxes, take care of a child and four adults; overall it was a nightmare in the economic way. Nowadays, Margarita lives in an apartment with 3 rooms, 2 bathrooms, 1 kitchen with a small dining room. However, she said that her parents paid for her because it was impossible for her and her husband to pay.

Margarita's opinion of Chinese government was, on the other hand, positive. China is a big country with a high rate of population. Of course, Chinese government still has difficulties to control the whole country, she argued. China is developing very fast, with a stable lifestyle for everyone. Margarita added that the percentage of poverty in China is normal because every country has certain level of poverty. However, there is a gap of poor people that cannot buy a house. They just rent small rooms to live.

Even though "One Child Policy" is a good strategy to control population growth; this is against the human right of having children, argued Margarita. She is a single daughter, and this situation makes her feel lonely. When women of her age of approximately 30 years old want to get married, they and their husbands have to take care of four people, which are their parents. Currently the "One Child Policy" is

within a change process. If Margarita or her husband were a single born child from their parents, they could have two children in the future. Unfortunately, this is not their case because her husband has a brother. If they fail to follow the rule, they are in trouble.

In the political field, Margarita expressed that Mao Tse Tung was a wonderful man who defended China from danger. When Mao became older he committed different mistakes. On the other side, Deng Xiaoping was an open-mind man, who improved China's economy.

Talking about the Chinese Unique Party, Margarita affirmed that one party is good enough to control a country. If there were more political parties, it would cause a political chaos. China leads a special kind of communism, completely different of the Cuban system. Chinese is handled in a wealthy communism, mixed with capitalism parameters. And Margarita affirmed that this modified system definitely has worked well. (Li M. , 2013)

Finally Mr. Wanglei Li, owner of Safewell Company, affirmed that it is impossible to talk about development of China if we do not read Chinese history. Having knowledge of its history we can understand what is happening now, he said. He quoted one of his phrases "As a bible that I have read, I realized that God has also proved to human being and make them suffering to be better one day. That is what Mao did in order to let us become better." He said that there were a lot of problems in Mao's government; nevertheless, he represents China, and must be respected. The same happened with Deng Xiaoping, who practically helped to Mao to transform China. Wanglei acknowledged that there was hunger in his country; however, he stated that those people needed to work hard to reach a good life as the one he has.

When Mr. Wanglei was asked about "One Child Policy", he preferred not to answer. He just affirmed that there are a lot of abortions and orphans abandoned on China because of this policy, and this is an issue without solution. (Li W. , 2013)

Having this three interviews set, there is the possibility to discuss different points of view of Chinese according to various existing social classes in China, which are: low

class, middle class and rich class. Even though their lifestyles were completely different, they agreed with some point of views and disagreed with others. All of them recognized to Mao as the Chinese change precursor; who is completely admired by most of Chinese, followed by Deng Xiaoping. This strong belief in Mao policies has helped China to keep a political unity. However, the system of the “Unique Party” is not well accepted by all citizens. Some of them agreed that one party is good enough to keep the political order in a big country such as China. Others think that democracy is a right that cannot be infringed in China. They want to know the meaning of going to the polls freely and democratically. The current issue that is related with the lack of democracy is the Hong Kong movement that thousands of citizens are protesting in the streets fighting for democracy.

Last October, the Occupy Central Movement, led by Benny Tai Yiu-Ting, was all over Hong Kong and part of Macao. This movement was struggling for democratic elections for 2017 election campaign, keeping the structure: “One country, two systems” for 2047. This revolution could lead China to converge on the democratic rise. Wang Yi, Minister of Foreign Relations, warned that Hong Kong issues were only Chinese concerns, so the rest of the world should respect Chinese sovereignty. In conclusion, the protesters demanded an electoral reform that allows popular elections. This strike started when Beijing launched a proposal of an electoral reform, where a committee of 1,200 members can choose the candidates. Hong Kong citizens claim the failure of forgotten promises in 2007, where the government affirmed that the local elections of 2017 will be celebrated with universal suffrage. (Vidal, 2014).

CHAPTER 2: MAOISM AND ITS INFLUENCE IN THE ECONOMY OF CHINA (1949-1978)

After three decades of Mao Tse Tung death, he remains a controversial image in the Communist Party of China history. Chinese has discussed the issue of how Maoism should be evaluated. This discussion responds to different opinions in the Party, which tries to determine the real China's ideology and its limits.

The Educated Youth generation, or *Zhiqing*, represents millions of young people with college education; who left their towns to work in the countryside since 1953, especially in the Cultural Revolution. Today, this generation needs an urgent attention because its hard situation is just overlooked. It is divided into two distinct groups: a privilege one with resources of power and wealth that hold leading positions in Chinese society. The second group, being the biggest one, is different because of its lack of privileges. This group tends to be excluded of a stable employment because they oppose the essential values of Chinese society.

The Educated Youth Generation was a product of a strong Maoism. That is why, some members of this generation have troubles adapting to China's economic and social evolution during the last years. This generation knows not only the complete process of the CPC, but also Maoism process since its beginning. When Mao Tse Tung founded the PRC in 1949, Chinese had only one common aspect of identity: Japanese occupation. This situation let Chinese to distinguish two ways of life: the progressive one, which is felt in the present; and the past times of the twentieth century. Those perceptions redefine the concept of Chinese identity. However, Chinese believed that being opposed to Cultural Revolution would help to define a modern Chinese identity; being aware of the different conceptions that have caused the post-Mao evolution; causing even an identity crisis. A quote of the Educated Youth Generation demonstrates what this generation really feels: "The present is typically characterized by materialism, excessive rationalization, and a lack of meaning and purpose in life... the pleasures brought by increased wealth are not sweeter than the melons we grew with our hands in those years". (Kus, 2008)

2.1. History of Maoism period

2.1.1 Who was Mao Tse Tung?

Mao Tse Tung was born in Shao-Shan, Hunan province, in 1893. Mao lived in a peasant family, taking care of their 631 squared meters of piece of land, and harvesting 60 kilos of rice per year. His family, formed by 5 members, worked in their ground, producing more and more profits, becoming rich peasants.

Mao, in an interview with the American journalist Edward Snow, explained that he attended an elementary school at eight years old up to his thirteen. In his childhood he loved reading the Analects of Confucius and the Four Classics. His father pushed him to read a lot and use his free time in working with him. His father had a snatched character. Mao never received money or abundant food from his father. Contrary, his mother was a generous and friendly woman. Mao and his mother had different behavior and ideology than Mao's father. Mao's dissatisfaction with his father grew slowly, thus his family got into a dialectic struggle. (Davidson, 1998)

Mao stopped going to school in his thirteen years old. He started to work hard and read a lot. One of the books that he read was "Words of Warning"; with its main issue: China needed railroads, telephones, telegraphs, and steamships to progress. During his childhood, he was able to witness acts of injustice, where entire villages were starving; for example the Changsha town. Since then, he hated the injustice with poor citizens. Two of his memories that also influenced in his ideology were when poor peasants, due to their hunger, looted one of his father's rice cargos. Another act was when he had an extremist teacher, who wanted to eliminate the beliefs in Gods and convert the temples into schools. Mao agreed with his teacher thought. Those events drove him to have a rebellious behavior. Furthermore, he decided to do his Chinese pigtail cut in favor to the Revolution; even though he knew that it was a capital offense.

Mao Tse Tung, in his sixteen, decided to come back to school, partaking in a modern institute, where he was interesting in contemporary thoughts. However, his father forced him to leave school. Throughout, Mao felt the uncertainty of being rejected.

He wished to study in Chang-sha, and he picked that goal. Mao started to get into political issues. Furthermore, Mao Tse Tung joined to the revolutionary army of Li Yuan-hung during six months. Later, he preferred to follow a process of self-development, when he decided to go to the library every day and instruct himself.

After that, Mao decided to group students with similar thoughts of him: young people, who were determined, bold and ready to make any sacrifice for their country. By the way, Mao's parents forced him to get married in his 14 years old with a 20 years old girl. That marriage never worked. Mao's ideology in his youth was basically based on liberalism and reformism. His first job was as assistant of a university library, earning 8 dollars per day. Mao, with his followers set up a journal called "The New Hunan", which tried topics attacking to the Provincial Parliament, that was formed by owners or bourgeois supported by the military. In life, Mao was declared a God, but eventually he was declared as one of the bloodiest dictators of the twentieth century.

According to the documental "Grandes Biografias: Mao Tse Tung", Mao ruled like an emperor but remained a humble man. In 1928, he was a teacher. During that time, Mao heard about the Communist Revolution in Russia, and he felt identified and astonished with this issue. Mao became a revolutionary Marxist and novice member of the Chinese Communist Party in Shanghai. Mao always had a spirit of leadership. Mao came back to Hunan to preach communism among the peasants. (Davidson, 1998)

Mao died on September 18th, 1976. China was desolated after his death. Mao behavior had two faces: a monster and a genius. Although the revolution would have not been possible without Mao, the last days of Mao are also described as time of hate, frustration and suspense.

2.1.2 Mao political ideology and its implementation in the CPC.

Maoism is the Chinese version of Marxism. However, this stream is far of the Marxist-Leninist orthodoxy on several points. The term "Maoism" has never been used in China, they just say: "Mao Tse Tung Thought". First of all, Chinese

revolution foundation is the peasantry rather than the urban proletariat. Maoism is against feudalism instead of capitalism. Secondly, Maoism implies a military strategy led by the peasants. Thirdly, Maoism establishes a continuous revolution, affirming that the class struggles continued behind the dictatorship of the proletariat or socialist. Those have been the three basic components that define Maoism with Mao Tse Tung as leader. Maoism also meant the foundation of Chinese revolution. This stream has been widespread around the world. (Palacios and Ramirez, 2011)

Nowadays, “Mao Tse Tung Thought” is just a theoretical pillar of the CPC, which cannot be disputed; however, it is only applied partially. After Mao’s death, Deng Xiaoping, capitalism follower, took power and his ideas continue driving the contemporary China. Mao was the unique one who tried to make the utopia of keeping a permanent revolution and absolute egalitarianism of the real population. (Palacios and Ramirez, 2011)

Three books gave Mao faith in Marxism: “The Communist Manifesto”, first Marxist book published in China; “The class struggle” of Kanstbei and “History of socialism” of Thomas Kirkup. In the summer of 1920 Mao became, in theory, and to some extent in action, a Marxist. According to Deng Xiaoping, Mao was a man who was right 70% of its political actions and made a mess of the remaining 30%.

The CPC had to deal with the legacy of Mao, coming out of the Cultural Revolution. According to the Sixth Plenary Session on the 11th Central Committee, Mao Tse Tung was a great revolutionary, theorist and strategist. He made gross mistakes during the Cultural Revolution; however, his contributions to the Chinese revolution outweigh his mistakes; becoming “the mistakes of a great revolutionary”. Maoism covers the collective wisdom of Communist Party of China.

In 1923, during the Third Congress, the CPC decided to enter in Kuomintang, to collaborate with it and to form a united front against the Northern Military. Mao became member of both organizations: CPC and Kuomintang. In 1925, Mao succeeded in uniting the peasants, forming thirty Peasant Unions, and provoking anger in the landowners who asked for apprehension of Mao.

In 1927 Mao Tse Tung became an assessor of the Peasant Movement, where he tried to adopt a new ideology. In an Interprovincial meeting of peasants, Mao proposed a new distribution of lands with big changes; however, the Central Committee rejected his suggestion. When the V Congress was convened in Wuha, it was still led by Chen Tuhsiu. He followed a petty bourgeois and opportunist policy of the right wing. Mao did not agree with it because this policy stalled the communist process in the whole country. Later, Mao was the leader of “Peasants Union” in China. The Counter Revolutionary Movement organized a slaughter of peasants in Canton, Nankín and Shanghai; killing thousands of peasants. The CPC affairs were in disarray. Almost everyone opposed the opportunist line of Chen and his address. This situation would quickly produce his downfall. Mao started an arduous struggle for power. Then, Mao organized a Movement named “The Autumn Harvest Uprising”, which tried four main points:

- Total separation of the Provincial Party Kuomintang.
- Organization of “The Chinese Workers’ and Peasants’ Red Army”.
- Confiscation of lands.
- Seizure of power by the CPC of Hunan and establishment of a Soviet Regime.

During Mao’s army organization, millions of people who looked like communists were shot. Even Mao, who was a suspect of communist, was carried to a headquarter where he would be killed. However, Mao blackmailed the soldiers with money and he was released. Slowly, Mao Tse Tung was gaining enemies. The Provincial Committee of Hunan attacked Mao and his Army, calling them “Movement of the Pillage”.

Gradually, the work of the Communist Army, together with masses, improved. Discipline was strengthened and a new technique of organization was developed. Everywhere the farmers were directed to voluntarily help the revolution. The army had imposed three simple rules to confront their fighters: immediate obedience to their orders; non-expropriation to the rural poor; immediately delivery to government of confiscated properties.

Mao ran away with his family and some friends to Jianxi, located in Chinese Southern. He became a hunted man. His opponents offered for his head 250,000.00 USD. Then, Mao became the most important man of China. In the community of Jianxi, Mao and his comrades drove the Communist Party of China. They took the lands and built a military base. Mao had more followers at the end of the 20s. Mao's wife died in one of the combats. He got married again.

In 1934, around 1 million of governmental soldiers attacked the Communist Party; then the communists accepted their defeat and went back home. Mao took this opportunity to become the maximum leader. He and 100.000 followers traveled 10.000 km to Shaanxi, withdrawal known as the "Long March"; where just 20.000 people outlasted. However, the Long March saved communism of disappearing and Mao of converting in an unforgettable legend. In 1936, Mao holed up in Yenan town; too far to be found by the government. Yenan became a liberated communist zone; where Mao got married with his fourth woman.

The Japanese invasion made possible that Mao had the chance to further introduce in the Chinese government because he made an alliance with the Chinese president to fend off Japan. The United States of America helped the Communists to be equipped for the war against Japan in the Second World War time. Mao's group managed to get into Beijing, so the Peasant Revolution triumphed. On October 1st, 1949, the main square of Beijing received Mao, who proclaimed the birth of the People's Republic of China, which became the end of 30 years of civil war. Chinese trusted in Mao, declaring him even a God in their lives.

After that, Mao traveled to Moscow, his first trip overseas. Joseph Stalin had little interest in China, and Mao felt upset due to the fact that the superiority that Stalin showed. When Mao returned to China, he fulfilled his promise with the peasants of a land reform. Feudal lords were humiliated overtly because they had exploited peasants before. Some people, especially of urban areas, felt unhappy with the strong position of the communist party. Mao decided to be rudder and stronger with his opponents. His cruel severity was felt. Millions went to the jail. Some journalists, who did any comment against the government, were sent to work in the lands. In that

moment, a lot of people started to see Mao as a murderer dictator, instead of a communist leader.

Mao toured Chinese regions during a year. He wondered why the revolution did not go forward as he wished. Mao became even more ambitious because he saw the potential that the peasants had. Mao tried to industrialize the country in a blink of an eye. The country became producer of steel. Chinese started to work 24/7.

Chinese started to think that Mao became blind and deaf. He was sick, like an emperor in his palace. Things became worse. Steel was useless in the late 60s. What was worse is that peasants had not harvested during 2 years. China entered into famine. People started eating human flesh. Around 40 millions died because of famine between 1959 and 1960, being the worst famine in world history (Davidson, 1998)

The next years of life, Mao planned how to take power again. In 1966, Mao invited million of intellectuals to have a meeting in a public place of Shanghai. Chinese citizens idolized Mao to the point that anyone, who has had the opportunity to touch his hand, did not wash their hands for weeks. Then, Mao organized the Cultural Revolution against intellectuals, accusing them of betraying revolutionary ideals. Actually, this Revolution was only a struggle of power classes, where Mao tried to recover his authority; trying to oust Liu Shaoqui, Head of State; and Deng Xiaoping, General Secretary of State. (Palacios and Ramirez, 2011)

Mao's Red Army took over the political cleansing. Mao took the lead again. More than a million of people had been imprisoned or killed by the Red Army in the late 60's. The opponents of Mao were ousted of the power. Mao achieved the removal from power of Liu Shaoqui, who was tortured and killed with his wife in front of 300.000 people in 1967. (Palacios and Ramirez, 2011)

The Cultural Revolution stopped being cultural to become a Political Revolution. It represented ten years of chaos, and the Educational System was paralyzed. Universities and institutes started to open their doors again in 1979. During the

Cultural Revolution, 7000 temples, buildings and cultural places were destroyed; and also, antique buildings, books and artistic draws disappeared. (Morton, 2004)

Mao tried to reorganize the population. The Red Army was dismantled. He sent people back to the countryside. His last and main goal was to set free the nation of its world isolation. The Cultural Revolution was over in 1969, when Lin Biao became the successor of Mao. Later, Mao pushed Lin away of the power. Lin and his family died in an unexpected plane crash.

Mao invited Richard Nixon, ex-president of the United States, to a meeting in Beijing in 1972. This was the first foreign meeting with the U.S. during more than three decades. It was the beginning of the Chinese resurgence. What Mao tried to get with Nixon was to assure American support and technology to be ready for an unexpected Soviet attack. Finally, Deng Xiaoping appeared in the history of China, who started a total reform of the Chinese internal policy.

It is really necessary to analyze the Chinese welfare population. That is true that China has a strong economic growth, but it is still true that the extension of social and economic inequality is too vast as well. The Chinese government and some international organizations recognize this inequality, pointing that there is an expansion of 10% economic growth with a relatively high inequality. (The World Bank, 2012)

With this opening we can determine one of the most important and controversial implementation of the CPC in Mao's time: the Hukou System.

Implementation of Hukou System:

Gabriela Correa and René Núñez explain in their book "Migración y Exclusión en China: Sistema Hukou" the process of this system. During the last forty years China's population has migrated from the countryside to urban and coastal areas due to the economic expansion and hukou flexibilization. The establishment of the household registration system started in 1958 as a mechanism of centralized economic planning and was launched by Mao Tse Tung. The Hukou System allowed

controlling population movement in China. The main goal of this system was to guarantee the satisfaction of the vital requirements of the citizens, employment and free mobility inside the country, in an economic scope. Furthermore, the Maoist government, through the system, looked for jobs control, local and national education provision, political control, housing and health provision. (Correa & Núñez, 2012)

The Hukou System was based on requirements imposed by Mao Tse Tung. The population needed a mobility permission to go elsewhere different of their registration. That permission was subjected to the demand of labor, access to education, and designation of officials and military officers. In this context, the economic reforms were notorious in the coastal cities, where the control of job was possible.

At the beginning, the Hukou System established a classification: by socio-economic and by kind of residence. Talking about the socio-economic issue, it was divided into: agricultural and non-agricultural population; where their state benefits were recognized. Over the years, that distinction before mentioned was going away due to the fact that people with agricultural cataloging did not get many benefits as the others. The second classification, by kind of residence, was divided into: local and non-local population. This classification determined the place of the benefits, where the employment record was located; and it works until now.

In the nineties, the Hukou System had several modifications because of structural reforms in the Chinese economy and society. The main goal of those changes was to phase out the strict classification of rural-urban and local – non-local population.

The reforms supposed to stress equality in benefits for the population; however, it was different. Even though the division between the local and non-local was removed, only the local Hukou was guaranteed to health, education, job and state benefits. It means that non-local citizens are still excluded from the benefits, such as: social governmental security, public education, health, housing and retirement. The hukou classification generates a strong discrimination against the rural population

because the benefits that are focused on the urban region have more coverage and quality than the rural ones.

Since 2000, new reforms were implemented in the Hukou System. The biggest reform was an extended permission for migration of rural population, including a place to live and a workplace. If local authorities have the power to determine the number of accepted migrants, it becomes a limitation of public services for the remaining population.

The Hukou System is established in three stages that have been modified over the years. The first stage started in 1980. This one looked for changes in the conditions of registered people, which allow rural workers to transfer their jobs to small cities or towns. Also, China government issued regulations that protected to the farmers with the condition of giving up land rights, what specially meant profit for local governments.

The second stage, which started in 1990, is featured by an opened possibility of register change in the Hukou System. In 1995, big cities offered Hukou “blue type”, which could be gotten for those one who make payments, own real property and prove taxes payment. Since 1995 some local governments designed a program to grant urban Hukou to rural migrants who had urban employment and residence in any city for several years. For example, the Hukou System in Shanghai established as requirements: a steady job according with the profession, timely taxes payment and at least studies in secondary.

The last stage of the Hukou System started in 2010. Since then, the central government has focused its efforts to disappear the Hukou formal barriers, which truncate migration flow. However, this stage did not guarantee access to social services. People can move freely in the territory, depending on their own resources and revenues for the payment of basic services with the application of the Hukou System reforms. Since 2011 the government has applied other measures to consider the Hukou System reforms as an important part to reduce inequality and improve migrants conditions. (Correa & Núñez, 2012)

CHAPTER 3: CHINESE ECONOMIC BOOM WITH DENG XIAOPING (1979-2013)

3.1. Deng Xiaoping

Deng Xiaoping got absolute power of China after the death of Mao. Deng was an entire life partner of Mao Tse Tung, being loyal to his steps. That true changed when a famine provoked by the “Great Leap Forward” appeared. Deng disagreed with this event; therefore, Deng coalesced to Liu Shaoqi. Mao named Deng “The Second Best Friend of Capitalism”, trying to eliminate him. When Deng got the power, with support of the Army, the Cultural Revolution started to go down.

Deng Xiaoping was born in Sichuan in 1904 within a peasant family. Deng traveled to France where he started to partake in Marxism; that is why he joined to the CPC. Deng was trained in Moscow, where he became a professional revolutionary, and then he came back to China. Deng Xiaoping participated in the “Long March” with Mao. There he started to stand out as military and political leader. Deng commanded the People’s Liberation Army (PLA). It helped Deng to take power in the CPC. Deng took control of Chinese Southeast, which included Tibet. In 1952 Deng Xiaoping was vice-minister of the Government and he was General Secretary of the CPC in 1954. Deng was removed of Mao’s government due to the fact that Deng partook in Liu Shaoqi wing. Mao decided to send Deng to work in a factory far of the city. Deng found the support of the PLA and a lot of citizens. Behind the death of Mao, Deng Xiaoping gained power gradually in the CPC.

Since 1978 Deng Xiaoping became the most powerful man in the country, being the president of China up to 1993. Deng, in the power, took the decision of perpetuate Mao’s memory. Deng knew that personally Mao was not a good man with him; however, he was conscious on the importance that Mao had for millions of citizens. Deng Xiaoping died in 1997, before assuring the reformist way of China. He can be considered, without any doubt, father of the current China, at the same level of Mao Tse Tung.

The last days of Mao's power, China lived in poverty. This situation was prior to the initiation of economic reforms and trade liberalization for Deng Xiaoping. Since China opened up to foreign trade and implemented free market reforms in 1979, this country is considered the fastest-growing economies worldwide. Recently, the People's Republic of China has remained in a major global economic and trade power. Currently, China is the world's second largest economy, largest manufactures and largest holder of foreign exchanges reserves. (Morrison, 2014)

3.2 Economy Reform in 1978

Prior to 1979, China maintained a centralized economy with Mao Tse Tung as leader. A big percent of the country's economy was directed by the State, which set controlled prices, allocated resources and production goals. In 1950's Chinese household farms were collectivized into large communes. During 1960's and 1970's, the Central Government invested in physical and human capital to support industrialization. It created nearly three-fourths of industrial production by State-Owned Enterprises (SOEs) in 1978. Deng Xiaoping started his reforms with four initiatives: Science Reform, Agricultural Reform, Industry Reform and Army Reform. (Palacios and Ramirez, 2011)

Private companies and foreign-invested firms had barriers in China. Foreign business was limited to obtain only goods that China definitely could not produce. Most aspects of the economy were run by the central government; achieving few profit incentives for workers, farmers and firms. It provoked an inefficient and stagnant economy. Production and price controls instigated widespread distortions in the economy. It induced that Chinese living standards were lower than other developing countries. That is why, the government in 1978, after the death of Mao, decided to break with the Soviet style economic policies by reforming the economy according to free market bases; opening up trade with the West; in this way, trying to get economic growth and raise living standards. It can be explained in the words of Deng Xiaoping, considered the architect of China's economic reforms, who said: "Black cat, white cat, what does it matter what color the cat is as long as it catches mice?". (Morrison, 2014)

Since 1978 China's economy has grown faster than Maoist time because of the

introduction of new economic reforms. From 1953 to 1978, China's average annual real GDP was estimated at 4,4%. However, real GDP of China has grown by nearly 10% since 1979. It means that China got the ability to double the size of its economy every eight years. Of course, the global economic crisis of 2008 affected to Chinese economy. We can confirm it with the dramatic decline of the real GDP from 14,2% in 2007 to 9,6% in 2008. In response to it, the government applied a large economic stimulus package and an interesting monetary policy; which helped to avoid having an economic slowdown in the country. According to the International Monetary Fund, the China's Real GDP will average 7% from 2014 to 2019. (Morrison, 2014)

According to some economists, China's accelerated economic growth is based mainly on large-scale capital investment and fast productivity growth. However, as everything has its limits, the Chinese government has pronounced its wish to move away from its "current fast economic growth at any cost" to an intelligent economic growth, which considers to reduce reliance on energy-intensive and high-polluting industries, relying on high technology, services and green energy. In this way, China tries to get a balanced economic growth. This situation has caused speculation to know if and when China will overtake the United States as the biggest economic power in the world. Economists predict that China can overtake the United States in 2015, and that China's economy could be 36,1% larger than the United States one by 2030. (Morrison, 2014)

Economic reforms led to substantial growth in Chinese household saving and corporate savings. As a result, China's gross savings have kept being the highest among strong economies. China's decentralization of the economy led to the rise of non-state enterprises, which were more productivity and efficient than SOEs. Furthermore, a greater share of the economy was wide-open to competitive forces. Local and provincial governments launched new enterprises without control of the central government. (Morrison, 2014)

3.3. Legacies of the economic evolution of China

China's economy has demonstrated strong growth over the past several years. Many economists project that China will keep enjoying a remarkable growth; however, economists warn that those projects are likely to happen only if China continues

making reforms in its economy. On the other side, China's current economic model has had as result some negative economic outcomes, such as widespread pollution, inefficiencies in many sectors, poverty in part of the population and so on. Many of China's economic problems have resulted from the government's goal of economic growth at all costs. (Morrison, 2014)

3.3.1 Advantages

It is important to do an analysis of how China was able to produce this remarkable growth. At that time, China had characteristics that determined its country: large population, low per capita income and resource scarcity. (Dollar, 2007) Then, we can determine the main advantages:

Agriculture

One of the first governmental reforms that China perceived was the adoption of the household responsibility system in agriculture. This policy helped not only to increase supply of food but also to change the ideological thinking of Communist Party members about Chinese market economy process. This agricultural system was adopted by a similar previous system that was introduced by Mao Tse Tung. It consisted in a reorganization of the team of farmers by distributing its land to individual household to farm separately, each farmer got extra rewards if they produced more. This practice was widespread in the whole country; therefore, Deng Xiaoping felt the beneficial effects, adopting this system as the "Household Responsibility System", increasing rapidly agricultural output in China. This successful system was a basis for the foundation of reforms in other sectors. (Chow, 2004)

State-owned Enterprises

State enterprises started to have some autonomy in production, investment and marketing decisions since 1978 with six pilot enterprises. In 1980, 6.600 industrial enterprises, which made autonomous decisions, produced about 45% of the total output of all state industrial enterprises. Finally, the reform "Decision of the Central Committee of the Communist Party" was launched in 1984, time in which workers started to receive significant incentives.

Large enterprises started to transform to shared-holding companies, which were controlled by the government at all. However, there were also some weaknesses: lack of qualified managers for large enterprises and many managers were selected by the Chinese bureaucratic system. (Chow, 2004)

The Open-Door Policy

Foreign investments and international business were encouraged through the “Open-door Policy” since 1978. Before the introduction of this policy, the total volume of Chinese foreign trade was only 7% of its national income. Deng Xiaoping’s open-door policy pushed the opening of Chinese imports and promotion of exports. By 1987, the volume of foreign trade increased to 25% of Chinese national income. Different institutional reforms were applied in this field, such as: strict control to favor trade balance, decentralization of trading activities. (Chow, 2004)

Exporting companies received special benefits: retaining part of the foreign exchange they earn and get special loans in RMB or in foreign exchange for short or long-term financing. Also, the Shen-zhen economic zone had an advanced infrastructure; where foreign investors could set up factories to take advantage of the inexpensive labor and pay them determined and limited wages different from the wages of other Chinese parts. In a decade Shen-zhen grew from farmlands to immense buildings. Chinese could enter Shen-zhen only with special permissions because of the difference in economic opportunities. So, other economic zones were opened for the convenience of foreign investors. Foreign investment increased from 1 billion US dollars in 1978 to almost 30 billion in 1998. (Chow, 2004)

The Price System

In 1979, China hurred different economic reforms. One of them was: price and ownership incentives for farmers, who could sell their crops on the free market. The government also established four special economic zones to attract foreign investments, boosting exports and importing technology products into China. (Palacios and Ramirez, 2011)

The Central Committee on the Economic Reform adopted the “Price System” in 1984, which covered two components: to decontrol the administratively determined prices and to allow the regulation of prices according to the market forces. (Chow, 2004)

Development of private sectors

The local governments supported township enterprises in rural areas, which desired to increase their revenue. Those governments had land, capital and human resources to establish any enterprise. In 1978 individual enterprises did not exist. By 1996, collective enterprises represented a 39% of contribution. (Chow, 2004)

Economic control of different enterprises was given to provincial and local governments that were allowed to compete in the free market, rather than under the direction of the State. In this way, Chinese felt pushed to enterprise any business. Coastal regions had incentives to attract foreign investment, experimenting with free market reforms. Additionally, state price controls were eliminated in most of the products. China economy also had success with trade liberalization. Trade barriers removal helped to encourage greater competition and attracted foreign direct investment. Those gradual implementations of economic reforms in China have tried to identify which policies produce economic outcomes and which of them do not. (Morrison, 2014)

Banking System

Before the implementation of this economic reform, the People’s Bank was a monopoly that had functions like: accept deposits, issue currency and extend loans to state enterprises. Commercial banks did not exist. In 1983, the People’s Bank became the central bank, and specialized banks also appeared. Reforms in the banking system started in the early 1990’s. Besides this system, other financial institutions were created. The government in 1981, to attract foreign capital, formed “The China International Trust and Investment Corporation”.

Nowadays, China’s banking system is largely controlled by the central government. SOEs can receive privileged credit treatment by government banks, while private firms have to pay higher interest rates. (Morrison, 2014)

Education

This reform is especially based on educational and institutional restructurings. In 1950's the Cultural Revolution interrupted the education system, which became a low to the education process. People were eager to learn. Chinese wanted to get new ideas and knowledge from overseas. That is why the State Education Commission from 1985 to 1998 sponsored programs to cooperate with foreign educational institutions to improve Chinese education. Also, universities had the freedom to invite foreign scholars to lecture. Some students studied overseas. Modern textbooks appeared. The skill in modern languages improved rapidly and Chinese students began to adopt English books.

In rural areas, farmers wanted to improve their children education by starting primary schools. In urban areas, educators felt a strong market demand for higher education, so they established professional institutes. In this way, the government made a huge effort to modernize the Chinese educative system. The Ministry of Education in the early 1980's began to set up programs for legal education.

On the other hand, there are some long-term consequences that China will face in a near future:

Industrial Policies and SOEs (State-owned Enterprise)

China has become one of the world's most active users of industrial policies, according to the World Bank. Even though the number of SOEs has declined dramatically, they still dominate some sectors, such as: telecommunications, transportation, petroleum and mining. For example, SOEs constitute 50% of the 500 largest manufacturing companies in China. It is estimated that there were 154.000 SOEs in 2008, and while these represented only 3,1% of all enterprises in China, they held 30% of corporate assets in services and manufacturing sectors. (Morrison, 2014)

The World's Largest Manufacturer

According to the United Nations, China has developed as the world's largest manufacturer. China overtook Japan as the world's largest manufacturer as well. Manufacturing plays a more important role in the Chinese economy than it does for Japan and the United States. China's production was 30,5% of GDP, compared to 18,7% for Japan and 12,3% for the United States of America in 2008. (Morrison, 2014)

3.3.2 Disadvantages

Banking System

One of the weaknesses of the banking system is the lack of ability to allocate credit according to market principles, like risk assessment. Also, local government debt is viewed as a big problem in China, causing a potential impact on the Chinese banking system. In 2013, the Chinese National Audit Office informed that, from 2010 to 2013, local government debt had boosted by 67% to \$3 trillion. (Morrison, 2014)

Undervalued Currency

China has an undervalued currency. Chinese currency does not float; therefore, China must make huge purchases of dollars to keep the exchange rate within standard levels. This problem provokes that Chinese exports become less expensive, and its imports more expensive. So, the government purchases foreign currency to combat inflation. China's industrial policies have limited growth of the private sector, produced over-capacity in some industries, and distorted markets by lowering factor costs: water, capital, land and energy. (Morrison, 2014)

If the RMB is undervalued, Chinese exports are less expensive. Foreign investment is considered attractive if there is an elimination of exchange rate risk. On the other hand, there are also potentially negative aspects that affect to China's export growth strategy and currency policy:

- Overdependence on exporting,

- Imports become more expensive, affecting negatively Chinese firms which import raw materials or manufactured products;
- Chinese pay more for tradable goods because not only imported goods are more expensive, but also domestic competition is restricted; and,
- The use of a limited currency system slows the ability of the central government to use monetary policy to try to control inflation. Even though Chinese banks increased interest rates to try to control inflation, overseas investors shall try shift funds to China illegally for taking advantages of the higher Chinese rates.

Currently, Chinese officials argue that their currency policy does not favor exports over imports, instead it equilibrates economy and currency stability. Otherwise, using exports is a way of providing jobs to Chinese workers and accessing to technology and know-how. However, the Chinese government establishes that currency reform is a long-term goal that is being implemented gradually.

Pollution

The growth of heavy industry in China is part of China's economic growth at all costs. Its level of pollution is worse every day, causing serious health risks to Chinese. That is why the Chinese government sometimes disrespects its environmental regulations in order to encourage economic growth. This situation is illustrated in some reports. (Morrison, 2014)

China's Geological Survey estimated that 90% of Chinese cities had pollution groundwater, in February 2013. Furthermore, less than 1% of the 500 biggest cities in China fulfill the air quality standards recommended by the World Health Organization. What is worse, the World Health Organization reportedly estimated that 470,649 people died in 2008 because of air pollution in China. (Morrison, 2014)

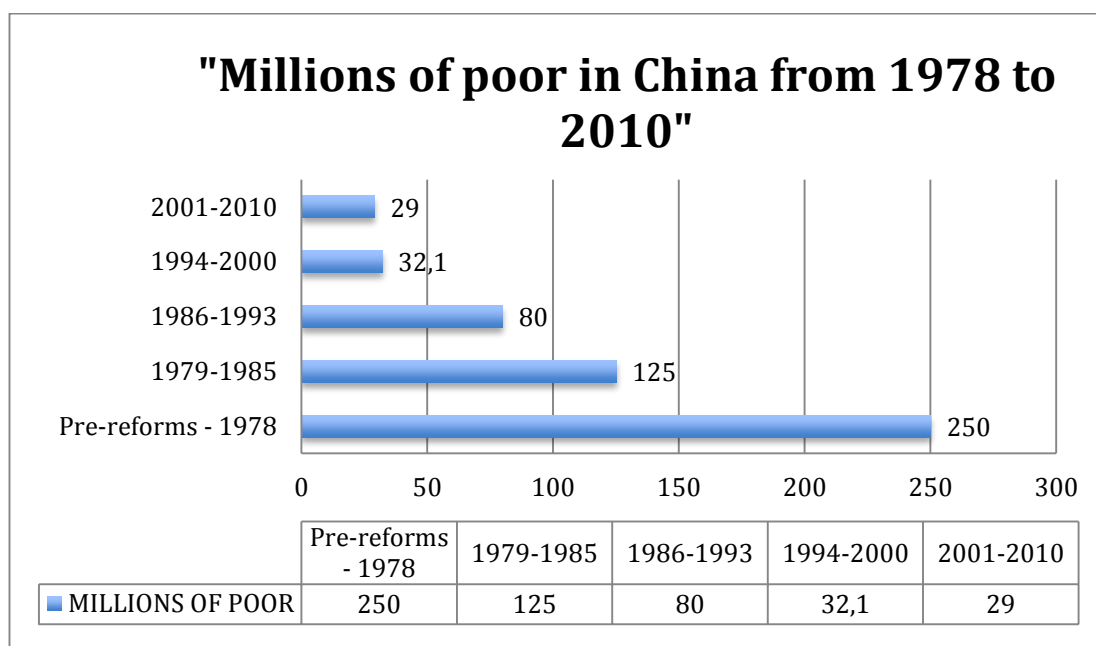
CHAPTER 4: CHALLENGES OF CHINA

4.1 Poverty and wealth in China.

China makes more efforts to open its economy to the world with a remarkable dynamic of growth. Even though China has achieved high economic growth, it still has people living in poverty. Slow progress in reducing poverty has been caused by social inequality and urban-rural division in China. Poverty in China is still a serious issue and has become more difficult to be reduced, even if Chinese economic growth has led to a great increase in living standards for part of the population. Approximately 60% of Chinese population was living under its \$1 per day in “poverty line” at the beginning of the reform, in 1978.

In 2004, the World Bank showed that about 500 million people lifted out of poverty, in just one generation. Furthermore, Chinese economic growth powered poverty reduction. According to Chinese household surveys, 64% of the population was poor in 1978. And this rate declined to 10% in 2004. This reduction happened in different phases. Between 1981-1987 a large increase in agricultural output led to a reduction of poverty. From 1987 to 2001 there was little poverty reduction. In 2001, China joined to WTO; and, poverty reduction resumed at a very rapid rate. (Dollar, 2007)

Illustration No. 4 Millions of poor in China from 1978 to 2010



Elaborated by: Verónica A. Álvarez A.

Source:

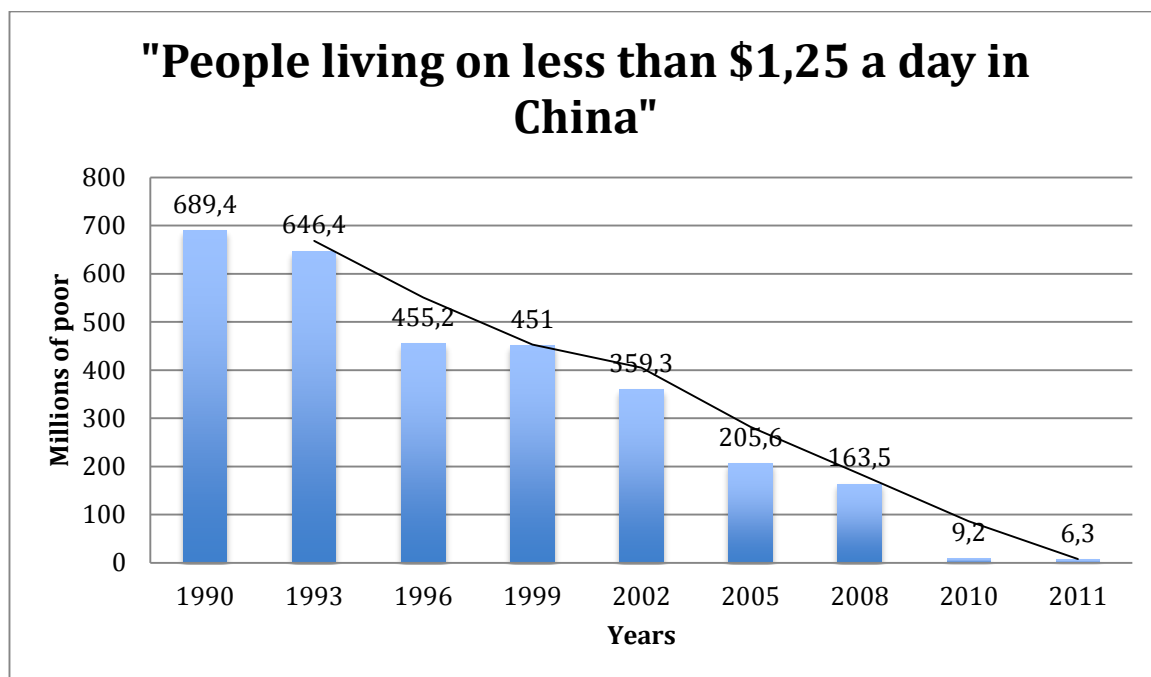
http://www.nscb.gov.ph/poverty/conference/papers/4_poverty%20statistics%20in%20china.pdf

The new economic reforms applied in China since 1979 were the main reason of Chinese poverty reduction. So, the “population in poverty” dropped from 250 million in 1978 to 125 million in 1985. However, the gap of division between rural and urban income progressively amplified between 1986 and 1993. The Chinese government planned strong anti-poverty programs through governmental reforms all over China. At the same time, peasants contributed their own investment for solving their subsistence problems. The rural poverty population of China was reduced to 80 million by the end of 1992. (National Bureau of Statistics, China, 2004)

The government focused on eliminating the poverty in 7 years with financial support, social and economic development programs and a friendly tax policy, through the “Poverty Alleviation Plan”. With efforts, poor population rate decreased to 32,1 million by the end of 2000. In 2001, the “Development Orientated Poverty Alleviation Program in Rural Areas” was implemented to solve subsistence problems of the remaining absolute poor. Poverty alleviation is not only to eliminate poverty,

but also to increase citizens' income and improve their living conditions. By the end of 2010, poverty covered 29 million of Chinese. (National Bureau of Statistics, China, 2004)

Illustration No. 5 People living on less than \$1,25 a day in China

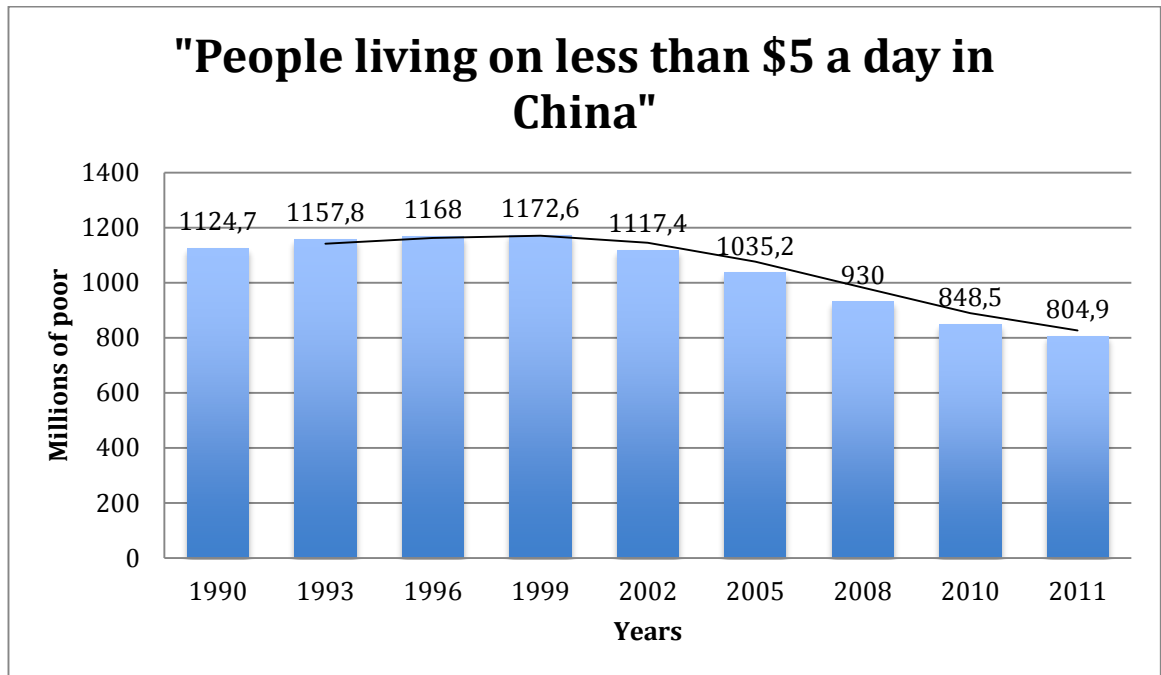


Elaborated by: Verónica A. Álvarez A.

Source: <http://povertydata.worldbank.org/poverty/country/CHN>

Poverty headcount ratio means the percentage of the population living below the national poverty line. According to figure above shows the poverty index in Chinese population who live with \$1,25 per day. It was represented by the 11,8% of the population in 2009, decreasing 1,8% since 2008.

Illustration No. 6 People living on less than \$5 a day in China



Elaborated by: Verónica A. Álvarez A.

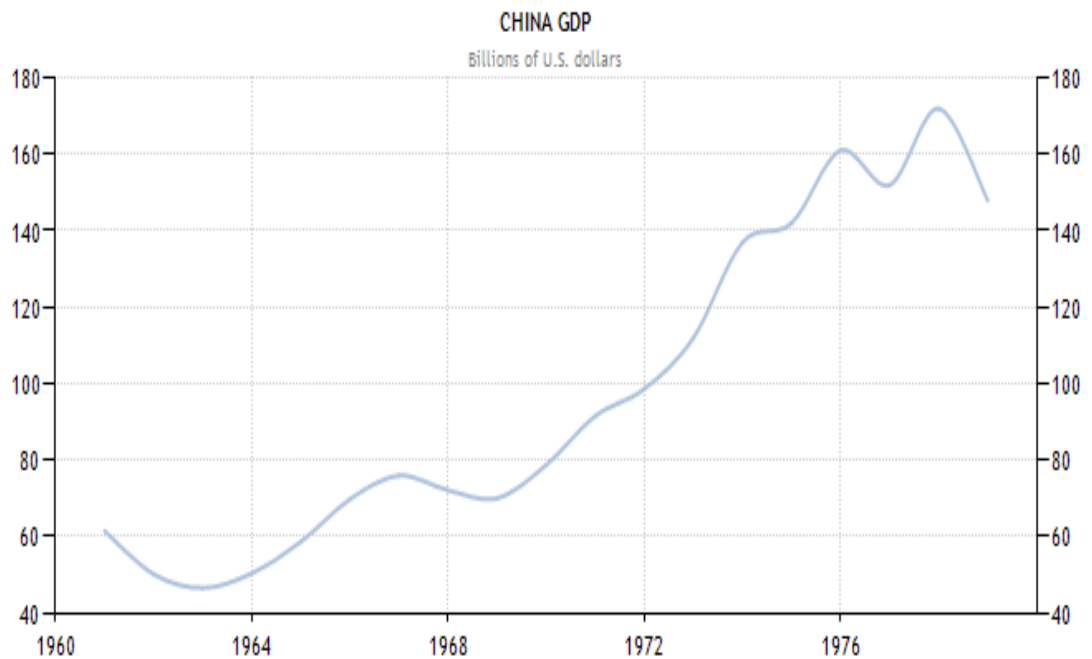
Source: <http://povertydata.worldbank.org/poverty/country/CHN>

In the figure above, 1.125 millions of poor lived on less than \$5 a day in 1990, while this quantity decrease slightly to 902 millions in 2009. Also, the GDP ratio decreased from 9,3% since 2011 to 7,8%, to 2012. (The World Bank, 2013)

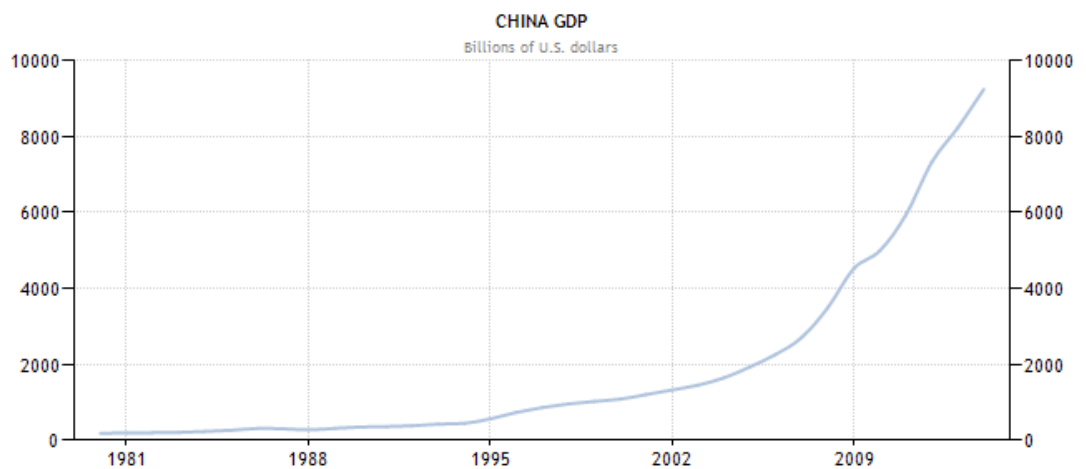
At the same time, the big rate of Chinese economic growth has affected to some areas. China shows serious lack of natural resource and environmental degradation. Furthermore, the impact on per capita income and the poverty level are issues of concern. Further income inequality, there has also been disparities in health status and educational outcomes. Poor localities lack of those services, and the high cost of education and healthcare are not able for poor households. (Dollar, 2007)

Even though there is a reduction in Chinese poverty, China still faces a large growing gap in income between its urban and rural populations, and between its richest and poorest citizens. Chinese feels social unrest with this inequality. (Salidjanova, 2013)

Illustration No. 7 China GDP 1960 -2009



SOURCE: WWW.TRADINGECONOMICS.COM | WORLD BANK GROUP



SOURCE: WWW.TRADINGECONOMICS.COM | WORLD BANK GROUP

Source: <http://www.tradingeconomics.com/china/gdp>

In the chart above, extracted from Trading Economics Indicators, we can analyze that China GDP rate has had a growth trend from 1960 to nowadays. This is justified due to different events that have occurred during that time:

Illustration No. 8 Main reasons of Chinese Economic Development 1970-2000

1970's	<ol style="list-style-type: none"> 1. First economic reforms introduced by Deng Xiaoping. 2. The "One Child Policy" is implemented.
1980's	<ol style="list-style-type: none"> 1. Special economic zones set up in 5 areas. 2. China's population reaches 1 billion. 3. Fourteen coastal cities are opened for investment. 4. Deng Xiaoping promotes the Open Door to increase FDI.
1990's	<ol style="list-style-type: none"> 1. Shanghai Stock Exchange and Shenzhen Stock Exchange begin formal operations. 2. The China Securities Regulatory Commission is established. 3. The first foreign exchange trade center is opened in Shanghai. 4. China's open trading accounts reach 10m. 5. Hong Kong and Macau revert to Chinese rule. 6. Asian Financial Crisis.
2000's	<ol style="list-style-type: none"> 1. China becomes a member of the WTO. 2. China signs trade agreements with 10 Asiatic countries. 3. China's stock trading accounts exceed 100m. 4. Government announces a US\$58bn economic stimulus package. 5. One Child Policy is relaxed. 6. China overtakes Germany as the world's largest exporter. 7. China becomes the worlds' second-biggest economy. 8. China reaches US\$9240,27 trillion of GDP. 9. China exceeds 1370 million of population.

Elaborated by: Verónica A. Álvarez A.

Source: <http://www.bbc.com/news/world-asia-china-20069627#year1990>

4.2. Economic Reform vs. Social Inequality

Most of Chinese households have been benefited significantly from China's growth. However, those benefits have different levels, which have shown inequality existence during the economic reform. There is inequality, not only in household income or consumption, but also in social outcomes such as educational achievement and health status. The Gini measure of inequality in household consumption increased from 0.31 in 1978 to 0.45 in 2004. (Dollar, 2007)

4.3. Social Gaps of China.

China's social policy faces a big problem: high inequality. It remains high disparity in consumption, incomes, and also access to education, jobs, health, and social protection programs in rural and urban areas. Even though regional inequality appears to have narrowed to some extent, other areas of inequality have also increased, like housing wealth. Furthermore, the Chinese who try to escape poverty still remain near poor. There are different drivers of inequality, related to the inequality of opportunity in accessing social services and rights. (The World Bank, 2013)

4.3.1 Unequal access to education

China began its social and economic reform as an underdeveloped country in 1979 with few educated people and with 20% of Chinese population living in urban areas, where labor productivity was better than the countryside one. In pre-reform China, salaries were not consistent with Chinese education level. For example, cab drivers and college teachers had similar salaries.

With the economic reform, the educated people salaries went up dramatically. This development initially provoked higher inequality, because the quantity of educated people at the beginning of the reform was small. And this situation led to unequal income distribution. However, access to education over time will cause more educated people, and then it may reduce inequality. (Dollar, 2007)

Also, there is disequilibrium between people from low-productivity agriculture and high productivity urban employment. It means that there is a gap between cities and

countryside due to the high volume of rural-urban migration. Therefore, market forces provokes that the rapid growth in China predictably led to higher inequality. (Dollar, 2007)

4.3.2 Unequal distribution of government expenditures

The inequity of dividing government expenditures per capita on social services within rural and urban areas have caused an inefficient distribution of fiscal resources and a decrease in the provision of services. Those governmental spending differentials have resulted in disparities to public access for citizens. For example, spending differentials have caused “inequality of quality” in health services, financial protection, health insurance programs and education. Those disparities provoke inequality in job opportunities, incomes and productivity. (The World Bank, 2013)

4.3.3 Hukou System Restrictions

Before 1978 China had a system that completely restricted people’s mobility, the Hukou System. This system has been removed slowly the past 30 years. Each Chinese has a registration (hukou) in either an urban or a rural area. The hukou restriction cannot change without permission of a specific jurisdiction. People who have offers of employment usually get registration (hukou), but some of those permissions have been neglected. Nevertheless, these migrants are really necessary to improve Chinese economy, and most of them in fact migrate by any means. There are around 200 million rural residents who work at least six months of the year in urban areas. Many of those migrants do not have that registration and are considered the “floating population”. (Dollar, 2007)

The Hukou System creates different rural and urban social entitlements. It limits portability of entitlements and impedes labor mobility. Despite recent reforms in Hukou System, there are still obstacles for migration from rural areas to cities, or even from city to city. Most migrants are denied access to health, housing, pension coverage and education, while urban citizens get those accesses by right. . (The World Bank, 2013)

China's income distribution is also unequal. Manufacturing wages have grown in recent years. This rise is good just for the incumbent workers, but they are high up in China's income distribution, so inequality appears with the increase of wages to certain part of citizens, while the rest of population remain in poverty. The Hukou System has likely contributed to inequality by restraining the poor rural population prospects to migrate to urban areas for better-paying jobs. (Dollar, 2007)

4.3.4 Land Policy

Differences between the haves and the have-nots are also expressed in the different treatment and benefits that rural areas receive, comparing with urban areas. In urban areas citizens can easily sell or mortgage their buildings and land. While in rural areas, farmers have their land as long as they sow the land; however, they cannot mortgage them or sell their rights. (Dollar, 2007)

The biggest distortion concerns in the "land conversion"; which means moving land from rural to urban use. Peasants are compensated according to the agricultural value of the land. The reason to convert the land is that its commercial value for urban use is higher than for agriculture. This conversion does not generate a high income for peasants, who get poor compensation. This conversion contributes to increasing inequality. (Dollar, 2007)

4.3.5 Workers rights

Urban employers need pay high taxes on labor for social insurance. It limits formal sector employment opportunities and reduces remuneration for workers. Chinese wage determination system does not balance the interests between workers and employers. That is why the labor market is segmented within localities based on the Hukou System, income and social status of the employees. Furthermore, the differences of social rights and wages between formal and informal sectors, and between public and private sectors worsen the inequality of labor rights. . (The World Bank, 2013)

4.4 Human Rights Violation

China, an one-party state, is still an authoritarian country which imposes controls in freedom of expression, religion and associations; discards judicial liberation and press freedom; and restricts human rights defenders and organizations. China has internet censorship, and also it has repression against ethnic groups such as Tibet, Xinjiang and Mongolia. Nowadays, the Chinese are conscious of their rights, so they challenge the governmental authorities over land seizures, livelihood issues, discrimination, evictions, abuses of power, and economic inequalities. (Sceats & Breslin , 2012)

China is participating in the International Human Right System through the UN Commission on Human Rights since 1982. However, issues of the “Human Right Council” are just secondary issues for China in its foreign policy. China often speaks out against intervention of international organizations or other countries on Chinese human rights parameters.

China shows its position through this quote: “A country’s sovereignty is the prerequisite for and the basis of the human rights that the people of that country can enjoy. When the sovereignty of a country is put in jeopardy, its human rights can hardly be protected effectively.” (Minister for Foreign Affairs of China, 1999)

Even though China participates in the international Human Right System, it still violates some human rights. In 2012, Ai Weiwei, an outspoken government critic, was detained in a hidden location without access to a lawyer. This case provoked an international commotion that contributed to his release. Several lawyers, who did time in 2011, described being tortured and interrogated by governmental workers. They were released only if they avoid using social medias and reject to talk about their detention. Although, there are a lot of violations to Human Rights in China, the Chinese government declared it had fulfilled all goals of its National Human Rights Action Plans on 2011. (Human Rights Watch, 2012)

Chinese government violates guarantees of freedom of expression by restricting social media, blogs and some journals. The government blocks some national and international media deemed officially sensitive for the citizens. Furthermore,

editorial restrictions are a threat to journalists whose reports do not respect official guidelines. (Human Rights Watch, 2012)

In religion issues, the Chinese government somehow limits religious inclinations to temples, mosques, churches and monasteries. The government controls periodically financial records, employee details, seminar applications and religious publications. Some spiritual organizations are considered illegal, so their followers risk intimidation, persecution, and detention. (Human Rights Watch, 2012)

In the occupational area, Chinese government bans the creation of independent labor unions. "All-China Federation of Trade Unions" is the only official governmental representative of Chinese workers. Another human right violation is the application of the Hukou System. This process discriminates to migrants. The government has often promised to abolish this system, however, it is not seen yet. This unfairly system limits access to medical services, education and housing. (Human Rights Watch, 2012)

China's aging population, an outcome of "One Child Policy", has become a dilemma. One in five Chinese will be 65 years old or older by 2030. And this situation will also affect to rural population, who could become even poorer than now. In 2012, 937 million in the working age population (15 to 64 years old) began to go down. In rural China, the effects of aging population are harder. Rural elderly suffers of illness and depression. The gap between urban and rural residents is evident. Urban retirees receive about \$237 per month while rural pensioners receive about \$9 per month. (kerr, 2014)

4.5. Economic reform plans announced by the Chinese Government.

Some government officials have looked for a balance in the Chinese economic growth with social actions, preventing "the economic growth at all cost". According to Wen Jiabao speech in 2007, there are structural problems in China's economic growth. He assures that Chinese economy has an unbalanced development with economic disparities between economic and social development and between rural and urban areas. Also, the lack of equilibrium between different sectors of the economy and between investment and consumption has provoked an uncoordinated

economic development. For example, economic growth is mainly driven by exports and investment rather than consumer demand. (Morrison, 2014)

The 12th China's Five-year-plan (FYP), approved in March of 2011, have put emphasis on promoting different changes, such as: encouraging consumer demand, addressing income disparities, improving the rule of law and developing economic reforms. The FYP is the major way for the government to establish economic and social goals, to organize investments between governments, to direct banking system, and to regulate private and semi-private industries. The 12th FYP contains three main areas: restructuring economy, promoting greater social equality, and protecting the environment. This plan tries to equal the social and economic disparities that China lives in. (Morrison, 2014)

4.5.1 Policy implications to reduce disparities

Chinese government has worked hard to mitigate disparities in China. The most important issue is to alleviate the gap between rural living situation and urban living situation, due to the fact that this is the biggest reason of rising inequality. The government has started to modify the Hukou System in some issues. For example, the Ministry of Finance has ordered to local governments for providing public services to migrants, including education and public health services. However, establishing equal services and legal rights for most of the migrants shall take around a decade. On the other hand, it is a triumph that the central government starts to recognize that migration is positive for development and poverty reduction within China. Migration also would contribute to developing a rural land market. If migrants could finance rural investments or move to urban areas, Chinese economy could improve. This concern is probably overblown. The central government is worried about abuses in land system and the lack of a systemic reform of the rural land market. (Morrison, 2014)

Access to education is one of the crucial issues far of poverty. 92% of poor in China have low education. The government recognizes this situation that is why it has increased governmental revenue to subsidize rural basic education.

China also needs to invest more money in rural public health. The central government has started a pilot program for rural medical insurance. But small amounts contributed by the government are not good enough. (Morrison, 2014)

In recent years, the social area of China has received minimum economical support. At the beginning, just formally registered resident from Beijing were benefited by social expenditures, rural citizens did not receive any social benefit. However, a provision of central money was destined for rural social protection programs. (Morrison, 2014)

CHAPTER 5: FUTURE OF CHINA

5.1. Chinese Economic Projections

China has grown economically since 1979 due to different reasons. First, labor productivity and capital accumulation have helped to China's growth. The high investment rates have allowed rapid capital accumulation. Second, China borrowed technology and models for social and economic institutions from advanced countries, so nowadays Chinese innovate and upgrade their industry at low cost and low risk. Third, China implemented market-oriented reforms, domestic market integration through development in infrastructure and logistics. Fourth, landmark reforms carried to develop household responsibility system in agriculture, establishment of special economic zones, price liberalization, reform of the fiscal system and promotion of private sectors. (The World Bank, 2013)

China's two historic transformations, from a rural-agricultural society to an urban-industrial one, and from a command economy to a market-based one, have produced great results. Not only economic growth appeared, but also the poverty rate fell from 65% to 10%. However, growth rates differed across China. Chinese government adapted a strategy to govern: "crossing the river by feeling stones". This strategy encouraged undertaking pilot experiments within the reform priorities. China development has created an upper-middle-income economy. However, a new development strategy will be demanded in the next two decades, which will build on China's opportunities, manage its risks, and realize the country's long-term objectives. China looks for building a modern, harmonious and creative Chinese society in 2030.

- A modern society: This society would have modern values, a modern economic and social structure, and would engage and contribute as an equal with other nations in the discourse of the modern world.
- A harmonious society: building a society in which everybody have a common stake in the country's economic, legal, political and social institutions. China wants to see

a country where people show respect to laws, regulations, and practices and to each other. Also, China sees itself living in balance with nature, causing equilibrium between water, land and air resources.

- A creative society: Innovation is good enough to cause a creative potential for everyone. China will try to produce more value in things, instead of more products. In this way, China will try to move up the value chain and compete globally with advanced countries.
- A high-income society: China aspires to get a per capita income on par with advanced economies, have a strong middle class that causes stability, eliminate poverty, and promote social harmony by lowering inequality in all its economic and social dimensions.

If China becomes a high-income society by 2030, it can be the world's largest economy. China's growth size in the coming two decades will be equal to 15 times of today's Republic of Korea. Furthermore, its annual per capita income will be \$16,000 more than three times today's level.

By 2030, China will feel high risks of aging population. China will suffer a demographic transition. So, China will grow old before it become rich. Its low population growth rate will provoke a rising share of old people in the economy. Also, it is predicted that China's working age population will decline by 2015.

China is a dominant global economy. In 2010, China outstripped Japan to become the world's second largest economy, measuring their GDP. China's economy will be more complex by 2030. Its globalization will provoke interdependent with economies of other countries, so it will be more vulnerable to external shocks. The government will try to maintain macroeconomic stability, with an investment environment for enterprise development and financing public goods and services. So, China will be able to compete with advanced economies using their Chinese products. Finally, with a larger urban population and movement of labor between rural and urban areas, inequality will continue to decline. (The World Bank, 2013)

China's vision for 2030 is based on a new development strategy. It is fundamental to change Chinese development model and its government needs. This change will help

level transition from importing new technologies to creating new technologies. The government needs ensure enough mature markets to allocate resources efficiently.

China aspires to become a high-income country that let enjoy sustained growth, so it needs growth measured in quantitative and qualitative terms. Moreover, rising incomes need to be linked with increasing leisure, and a greater sense of economic and social security. China will also focus on equality of opportunities for Chinese. It will help unleash China's full human potential and improve income distribution. Equality, in this case, means: high economic opportunities, access to jobs, stable finance, permission to start a business, access to public services. It also means higher participation of citizens in public policy formulation.

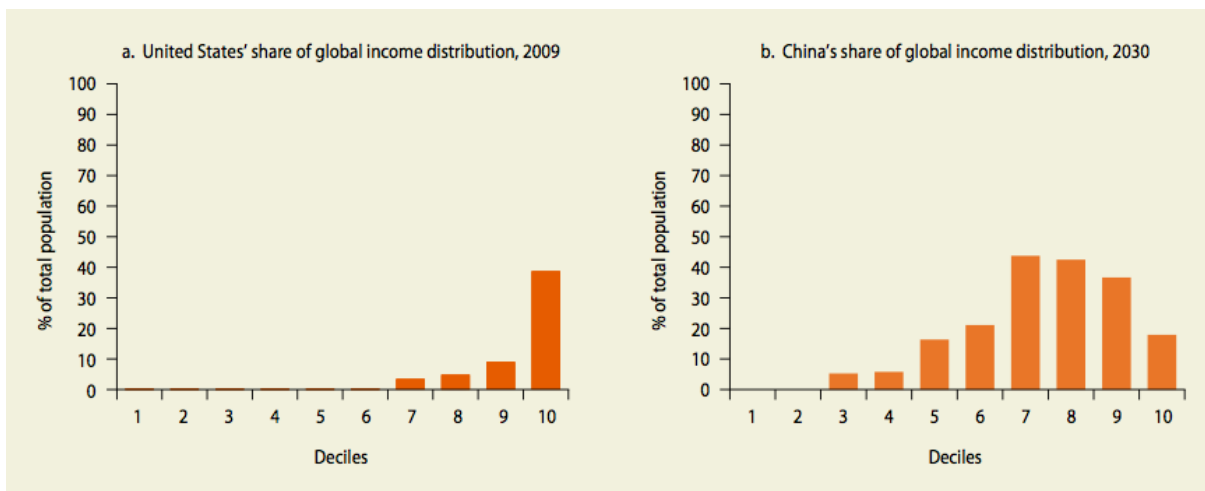
China's growth in economic terms is impossible not to be recognized around the world. Between 2005 and 2010, China added \$3,7 trillion to global nominal GDP. It is almost a quarter of global growth. In 2010, the value of investment in China already exceeded the U.S. investment value by 50%. Also, China is responsible of some international tradable markets. For example, China dominates 50% of global demand of metals markets. Labor force in the modern sector will fall due to aging population, and migration from rural to urban areas will decline. This decline in labor force will lead China to a loose of labor-intensive production.

Rapid growth in exports area of China has dramatically increased China's segment of global manufactures. China's exports have risen by 17% a year in dollar terms during the past two decades. China is the largest exporter of goods worldwide and it helped increase China presence in global markets. China's exports are significant in markets with the highest tariff levels; such as Japan, India, Russia, Mexico, U.S. and Ecuador. It indicates that China is exporting to some political sensitive markets. (The World Bank, 2013)

Finally, it seems that China will keep struggling with high levels of poverty. Chinese economic distribution is more unequal than in many of the rich countries, while more than 80 countries have higher per capita incomes than China. Notwithstanding the rise in average incomes, a large part of the population will still remain in poverty. Actually, it will take more than 20 years to let China becomes a high-income status.

By 2030, China will still have some key characteristics of a developing country. According to the World Bank, it can be analyzed in a comparison between the U.S. and China in the following terms:

Illustration No. 9 China low income vs. The United States low income



Source: <http://www.worldbank.org/content/dam/Worldbank/document/China-2030-complete.pdf>

The chart above explains clearly that China’s population will have less participation in the global income distribution in 2030 than the United States does now.

5.2. Prediction of Rural-Urban situations up to 2030

One of the main goals in the 12th Five Year Plans is the social inclusion to overcome rural-urban division and the inequality income gap. Those plans have peaked economic growth and the poverty rate has fallen from more than 65% to less than 10%. However, more than 170 million still live on less than \$2 a day in China.

Over the next 20 years, land will be scarce in China. Its resourceful use will become critical for a range of China’s long-term objectives: innovative cities, food security, social stability and equality of opportunities. It is obvious that farmers’ rights over land use will be more secure with better land policies. Also it would be helpful to ensure that land is used for the highest productive purposes in urban or rural areas. It will help to reduce rural-urban inequality, and promote more efficient and sustainable urban development.

Policies implemented by the government face three challenges: insufficient security of rural land tenure, a tedious converting rural land for urban use and the use of land as a source of revenue for some local governments. However, developing rural land markets will improve the efficiency of land use, rising productivity by 60% and facilitating labor mobility and land consolidation. Those developments in markets will require improvements in documentation and land registration with credible dispute resolution mechanisms.

China needs to introduce transparent rural land acquisition policies; that is why the government promotes urbanization and rural-urban integration as part of China's development strategy for the future. There is still a separation in rural-urban land. So, the state has exclusive power to acquire rural land and transfer it to urban users.

In 1978, less than a fifth of China's population lived in cities; the half of population by 2009; and by 2030, it shall look like two-thirds of population living in cities. It means about 13 million more urbanity each year. Furthermore, China's urbanization level by 2030 will be approximately in line with other countries with a similar per capita income. China needs intensification and intelligence to become a built-up country. Then, China can get a smart urbanization. "Smart Urbanization" means access to public services in excellent conditions with prices that encourage the use of it. (The World Bank, 2013)

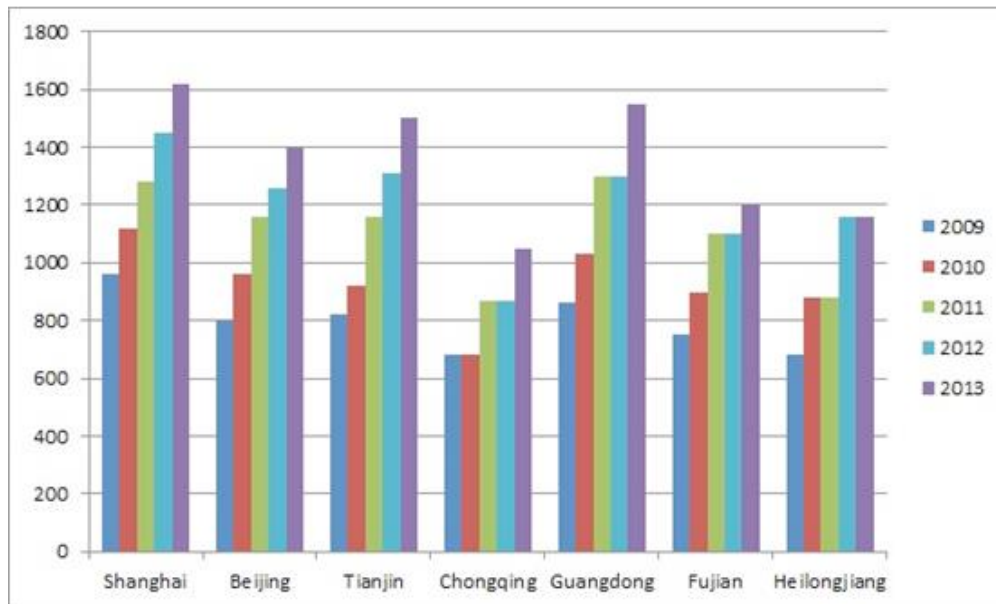
5.3 Possible solutions to decrease the latent social gap in the Republic of China.

The plans to reduce China's inequality are embodied in different policy statements. Chinese government pledged not only to encourage the social safety net and to turn over more of the dividends from SOES to pay for welfare programs, but also, to eradicate corruption. China's Council State said, "Narrowing the income gap is essential for ensuring social justice and social harmony... We need to raise income levels of the poor and adjust taxes on the excessively wealthy." One of the main components to reduce the gap between rich and poor is increasing domestic consumption. In the "China's New Income Inequality Reform Plan and Implications for Rebalancing" report, key points were discussed in the 12th Five-Year Plan:

Raise minimum wage

The 12th Five-Year Plan announced to raise minimum wages in most areas to 40% of the local average wage level by 2015. Based on official data, average earning for migrant workers are already more than 50% of the average.

Illustration No. 10 Wage levels in selected cities and regions in China (yuanes)



Fuente: <http://www.sinpermiso.info/articulos/ficheros/chinasalar.pdf>

The minimum wage for workers belonging to Shanghai in 2012 was 1.450 CNY, about 31% of the average monthly salary 4.692 CNY. In the southwestern city of Chongqing, the minimum wage of 870 CNY per month in 2011 was equal to 26% of the average wage of 3.337 CNY of that year. In Beijing, the minimum wage in 2011 was 1.160 CNY a month, 25% of the average wage of 4,672 CNY.

Internationally, the minimum wage in coastal cities of China is in the middle level of Asian countries. However, wage levels of China remain well below those of Japan, South Korea and Singapore; countries to which China exports manpower. On the other hand, which can be analyzed in the chart above, from 2009 to 2013 basic salaries have increased in all the coastal areas. Finally, China remains by far the largest manufacturing economy in Asia, and probably in the world.

The new plan offers to limit excessive salaries for SOE executives. The plan also includes a control to illegal income through accurate reporting of income, property and investments by all levels of officials. (Ministry of Human Resources and Social Security, 2013)

SOEs dividend payments

This point requires that SOEs increase their earnings. The SOEs should remit back 15% in dividends to the state budget, depending on their profits and strategic value. The government does not get this goal yet. For example, in 2011 central SOEs earned more than \$160 billion in net profits, but paid out only \$13 billion. If there is a 5-percentage point increase in dividends paid by SOEs, it could get \$8 billion annually to the government's reserves. Also, if this money would be used for health and education, it could help repair a part of China's social gaps.

Tax Reforms

There is a projection of several tax reforms. The first one is a consumption tax on luxury goods and high-end services. To proceed with this tax, China should overcome market immaturity, complexity of the housing market, and lack of clarity regarding property issues. Analysts say that this can be a way to spread wealth more equitably. Nevertheless, many suspect that those taxes payment are avoided because of those officials how have illicitly accumulated many properties without paying taxes.

Land Rights

In China, the government owns all the land and grants farmers rights to use land. So, land cannot be sold or mortgaged. That is why the "income equality plan" stresses the importance of protecting the rights of rural landowners to boost income of rural citizens.

Residence Permit

The government plans to make it easier for farmers move to the cities. Due to the registration of Hukou System, it is difficult for rural citizens to live permanently in

the cities and have access to the same benefits. A reform in the system would reduce inequality between rural-urban situations, improve the living standards of China's migrants, and increase consumption balance reducing savings. The Hukou System has been discussed in several governmental forums for years; nevertheless, it has not had appreciable change due to strong resistance by the same local governments.

Social Safety

This program includes the participation of migrant workers to improve urban and rural pension systems, to get a national universal healthcare system. The Chinese government projects to create comprehensive pension and healthcare systems by 2020. The registration of all-Chinese permits fall into one of two categories: urban or rural hukou and limited access to social services in the city to which their hukou is registered.

Talking about pensions, 60% of migrant workers participation in the urban pension system contributed to a pension scheme in 2010. However, according to IMF, China just spends 5,7% of its GDP on health, pensions, and social safety. That is why some analysts have advocated that dividends paid by SOEs should be used towards expansion of the pension and health care systems in order to get a Chinese economic rebalancing. (Salidjanova & Policy Analyst, Economics and Trade, 2013)

CONCLUSIONS AND RECOMMENDATIONS

This graduation work “Social and economic events of the Chinese Economic Revolution (1949-2013)” allows us to have a detailed and clear view of the Chinese economic development since 1949; an also, to figure out the social and economic inequalities that this boom has caused. The Chinese Economic Revolution has left as legacies two general consequences: economic growth in recent years, lifting millions of citizens out of poverty and improving their lifestyle; and on the other hand, “economic growth at all costs”, affecting the environment, causing a major social gap between rich and poor, and social inequities in general.

The People’s Republic of China has reached great advantages due to its economic boom. Between those advantages are: the “Household Responsibility System” policy, which helped increase rapidly agricultural production; set up of SOEs, which generate jobs on a large scale; an open policy of foreign business; and, development of private enterprises.

On the other hand, the Chinese Economic Revolution also has brought disadvantages, chiefly social ones. China has constantly an undervalued currency. It brings serious consequences: Chinese exports are cheaper and imports become more expensive, overdependence on exporting, decontrol of national prices. Furthermore, the rapid growth of industries in China has provoked healthy risks in its citizens. The industries do not have good enough quality standards of production to take care of health of workers. It has been the cause of millions of deaths.

The biggest challenge that China has faced due to its “economic development at all costs” is the social gap between poor and rich. Even though China is in an economic bonanza, there are still million of poor. The rural-urban division, caused by the Hukou System in China, has stagnated poverty reduction. In 2010, China had approximately 29 millions of poor, while it was higher in 1978 with 250 millions of poor. However, in 2011, 11,8% of Chinese population was living under \$1,25

American dollars a day. This inequality in incomes has also provoked disparities in health and education issues.

Chinese economic reforms have produced some social inequalities. High rates in household incomes or the unequal national consumption are not the unique reason of inequality. The lack of social programs is the biggest gap of those reforms. For example, it is reflected in the Gini measure. This measure of inequality in household consumption increased from 0,31 in 1978 to 0,45 in 2004.

In addition, the government funding for social services is unequally distributed between rural and urban areas; so fiscal resources and provision of services are scarce, especially in rural areas. Due to the lack of a government financial support, there is low quality in the limited social services that citizens receive; which leads to unequal employment opportunities and productive enterprises.

The differences between the haves and the have-nots are also expressed in the different treatment and benefits that rural areas receive, comparing with urban areas. In urban areas citizens can easily sell or mortgage their buildings and land. While in rural areas, farmers have their land as long as they sow the land; however, they cannot mortgage them or sell their rights.

In labor terms, inequality is also present in China. Chinese employers should pay high taxes for social insurance of their workers. That is why the informal labor without social benefits predominates in China.

For setting wages, employers determine high or low remuneration depending on the type of hukou registration that each worker has. It violates a labor right. For example, the minimum wage of workers belonging to Shanghai in 2012 was 1.450 CNY, about 31% of the average 4.692 CNY monthly salary.

Andy Wang said, on one of the interviewees in China for this graduation thesis, that Chinese live to work, but not work to live. On the other hand, just public employees get increases in their salaries, and the rest of works are marginalized. Therefore,

market forces provoke that the rapid growth in China predictably led to higher social inequality.

The People's Republic of China, an one-party state, is still an authoritarian country which imposes controls in freedom of expression, religion and associations; discards judicial liberation and press freedom; and restricts human rights organizations and their defenders. However, today's Chinese citizens challenge government authorities due to the fact that there are attacks against Chinese citizens, such as confiscation of land, livelihood issues, discrimination, evictions, abuse of power and economic inequalities. Although China participates in the International System of Human Rights, it violates certain rights.

If China becomes a high-income society by 2030, it can be the world's largest economy. By 2030, China will feel high risks of aging population. China will suffer a demographic transition. So, China will grow old before it become rich. Its low population growth rate will provoke a rising share of old people in the economy. Also, its globalization will provoke interdependent with economies of other countries. It will be more vulnerable to external shocks. So, it is necessary to change the model of "development at all costs".

Nowadays, the biggest challenge that the PRC has to mitigate is the social and economic gap between the different lifestyles of urban and rural citizens, rich and poor; which becomes the biggest factor of social inequality in China. China should seek to consolidate a modern, harmonious, creative and high-income society. Unfortunately, the economic distribution of China is the most unequal in the world compared to other economies. Chinese government leaders focus primarily on economic growth, forgetting the existence of the social, environmental and even human aspects.

As this research leads to conclude that Chinese government needs to focus on enhancing the quality of human capital. A high quality of human capital will help to develop labor productivity and maintain China's competitiveness. And also, human capital development will move up the value chain through Chinese manufacturing and services. Developing in lifestyle quality will tend to better health care, education,

and social security. There will be equal employment opportunities, greater lateral labor mobility from rural to urban areas, and vertical mobility through the social, political and economic hierarchies.

Chinese government should encourage greater participation in development processes. The middle class should participate in discussion topics of public policy. This can encourage Chinese to be creative and improve standards of living through their own efforts. The government should have a good response to those citizens' efforts and needs, and grant rights to communities, enterprises, individuals, private areas and governmental and non-governmental organizations. Furthermore, if the government encourage to Chinese society, especially those who are disadvantaged, it will help create new ideas and approaches toward increasing equality of opportunities and achieving a balance in China.

To play this role, Chinese government will need to transform itself into a transparent and highly efficient modern government that works under the rule of law. So, the government will need to advance reforms, combining public and private skills. Finally, Chinese governments should not only focus on getting purely economic benefits for its country; but also it should add practices of good living to their policies, which are linked to the enjoyment of human rights of citizens and workers.

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ANEXXES

ANEXX No. 1 MODEL OF INTERVIEW USED IN CHINA

Interviews prior to obtaining information for my thesis topic

Interviewer: Verónica Alexandra Álvarez Álvarez

Thesis Title: Social and economic events of the Chinese Economic Revolution
(1949-2013)

I thank you for your predisposition and acceptance to be interviewed by me to get information for my thesis topic. I have chosen you as one of my interviewee due to the fact that I consider you plus a friend, a person who will provide me your knowledge and opinions as a Chinese citizen.

Here you have some of the main topics that we will talk about during the interview; therefore you can have a guide in advance.

General Information:

Full name:	Genre:
Age:	Occupation:
Company:	Nationality:
Salary:	City:

Issue No. 1: development at all costs

China's "development at all costs" not only has caused unhealthy pollution and a declining social and moral fiber, but also has provoked migration of thousands of Chinese overseas. Therefore, do you agree that Chinese economic dramatically develops, even though it causes negative effects to the population?

Issue No. 2: Mao Tse Tung

Mao adopted a Marxist-Leninist doctrine, becoming the absolute leader of the country. Through his ideology, some consequences came, such as:

- Misfortune in rural economy.
- Low food production.

- A total socialistic system
- Confiscated lands.
- Failure of the “Great Leap Forward”: an economic and social campaign by the Communist Party of China to transform the country from an agrarian economy into a communist society through fast industrialization. → led to Chinese Famine.

In your opinion, how have Mao policies intervened in the social and economic lives of Chinese people (pros and cons)? Do you agree with his ideology? Do you think that his policies have caused benefits in a long term period?
How’s your feeling with the current government?

Issue No. 3 Deng Xiaoping

Deng Xiaoping became the leader of China in 1979, and his impact in the country was astonishing. He implemented a thought called: “Socialism with Chinese Characteristics”, based on two main points: agrarian reform and urban-industrial development.

Low cost products manufactured for sale was implemented. However, it did not measure the physical human effort without considering; nevertheless, it provokes human wear and poverty maintenance for others. Wages stay low and workers labor long hours; without wealth for them.

In the last 30 years there’s a change in the urban-rural area (industrialization). People in the countryside, little towns → Do they get something in the last 30 years? Lot of people have to move to urban side, to get wages. What about them?

What’s your occupation? In which group of those mentioned before do you identify with? What’s your opinion about the strong workload that some have, while others enjoy of the economic results?

Issue No. 4: Middle Class

By 2030, Beijing plans to increase the middle class from 474 million to 1 billion, including: educated single women, intellectuals and yuppies (young urban professionals).

Do you think that the formation of the middle class has caused even a bigger gap between the social stratum of China?

Issue No. 5: Poverty and Wealth.- a step away.

Anyone just needs to walk a block from a sophisticated and luxury place in Shanghai to the poverty side; demonstrating that substandard living conditions are still common in China. Even a middle class family lives in an apartment of 28 square meters. Then, it could result in social unrest. It may show the conformism and routine that some of the citizens are accustomed to. Do you think that this situation will be ongoing the next days and people will not complain some day?

Issue No. 6: Economic crisis.

Some people cannot go to regular banks to get a loan. They just go to off banking. Nowadays, Chinese economy is in troubles in issues such as: real estate prices drop, depressed stock market, declining exports and depreciating currency. Strong banks are accumulating big cash reserves to lend outside bank regulators, and it provokes “off-balance sheet” lending. Some of those loans are in default and it causes that banks fail. Although the Central Bank of China provides emergency help to two governmental banks, the banking crisis does not stop.

Can you easily get a loan from a strong bank to buy an apartment? Is it easy for you to get it? How difficult is it for you now? What’s your opinion about that? Do you have to go to a company that is not reputable; do you pay high interests in those one? Are real estate prices so high today?

Issue No. 7: Corruption

Xi Jinping looks for an anti corruption campaign; with some changes like: reduce spending at government functions, and so on. In your opinion, is the government doing a good job in countering corruption?

Issue No. 8: One-Child Policy:

Do you think that the population of China is getting older? If yes, how is it? Are they aware that the population is getting older?

How’s the “One-Child Policy” affecting you and your desires as a mother or father to have a bigger family?

Issue No. 9: Conclusions:

- What do you think that are the main reasons for the current social gap unseen but felt in China?
- The rank of social inequality and the level of hidden capitalism in your everyday living are present, how do you feel about it?
- Is reality your country living communism?
- There are not only social divergences caused because of the economic growth without adequate measures, but also marked difference in the lifestyles and strata social of the population of China. What about these social events?

Thanks.

ANEXX No. 2 Andy Wang Interview



University of Azuay
Faculty of Law
School of International Studies

Interviews prior to obtaining information for my thesis topic

Interviewer: Verónica Alexandra Álvarez Álvarez

Thesis Title: Social and economic events of the Chinese Economic Revolution
(1949-2013)

I thank you for your predisposition and acceptance to be interviewed by me to get information for my thesis topic. I have chosen you as one of my interviewee due to the fact that I consider you plus a friend, a person who will provide me your knowledge and opinions as a Chinese citizen.

Here you have some of the main topics that we will talk about during the interview; therefore you can have a guide in advance.

General Information:

Full name: Andy Wang	Genre: Male
Age: 29	Occupation: General Manager
Company: ATS Lighting	Nationality: Chinese
Salary: 4,300.00RMB – 700.00USD	City: Guangzhou

How's the "One-Child Policy" affecting you and your desires as a father to have a bigger family?

One child policy is specially applied in the North of China. I am from Beijing and it can affect me. I think this policy is not so good. If we have more than one baby, we have to pay a fee of 100.000 RMB, it represents 2 years of my salary.

Would you like to have a big family?

Yes. Of course. But I can't. We need to earn around 800.000 to take care of 7 people: my parents, my parents in law, my wife, my baby and I. it is impossible to have a second baby in my family.

Those people, I mean your parents and your wife's parents don't work. So you have to take care of them, right?

That's true. We have to pay for everything: health, food and everything.

So, what do you have for free, education maybe? Do you have public schools?

No, we don't. There's no any help from the government. Health and education are expensive. If you live in China, you will pay everything there is not support of the government.

What does the government do with the taxes and fees?

Well, We don't pay a lot of taxes, just a representative one.

Yeah. The system of taxes is not really controlled here, right?

Yeah. We can avoid paying easily.

What's your opinion about the current government?

This one is much better than the previous government. However, the government works with inside tracks and corruption is always in force. Also, nobody will overcome to the Communist Party. The corruption is kind of cut off, however not so much.

I missed a question before about the "One Child Policy" issue. Do you feel ready to have a new baby? I mean, economically?

No. Maybe it will be after 5 years. Now, we are not ready. The first problem is the time. We don't have time. My wife and I need to work. Women are working a lot nowadays. I do not have enough money. I need to give to my children good education.

And do you think that this policy is going to affect to the economy of the country, because China will not have young people?

It will happen. I guess that it will happen 5 years later. Actually, for me it is kind of difficult to answer you those kinds of questions because it is not good to say bad things about the government.

What do you think about the Chinese lifestyle? I can realize that Chinese work a lot. For example, most of the people in my country work from Monday to Friday and half time of the Saturday. The remainder time we enjoy with our families.

Just rich people in China can have the same lifestyle of your country people. For example, I have one classmate that works in a governmental job, and he told me that he just reads the newspaper, drinks tea, plays some games and so on.

How many hours do you work per day?

Normally, we work between 8 to 10 hours per day. There are people that work and rent a room of 3 squared meters with one bed. Houses in China are expensive.

It means that there is a big gap between the poor and the rich?

Yes, it is.

And what about the middle class?

Middle class people work 8 hours, they enjoy at weekends, and so on.

Which class do you think that you belong to?

I am in the middle class but I don't enjoy it.

In the viewpoint of the world, China is increasing; we don't see in the media that a lot of people in China are really poor.

China government has money because of us. We are not the owners of the money. The government is the owner of a lot of signs. Chinese government is the richest in the world. Foreigners do not realize it.

What do you think about the “Unique Party” that China has? Is it good enough?

I don't agree with just a Party. We need to choose, and we don't have those choices. We have hope in the New President. After 20 years may be the government will change the system.

As you know, Chinese hard work life has caused unhealthy pollution. Many people work more than 8 hours, affecting human rights. It means that money is more important than people in China. Do you think so?

Yeah, I think so. We have no faith. Chinese people just dream on money. It is happiness for us. We will lose in ourselves with money. We should get more attention in families. People live to work.

Yeah. I can realize it. This is my second time in China and I can see that China does not stop making money.

In your opinion, how have Mao policies intervened in the social and economic lives of Chinese people (pros and cons)?

Mao was the basis of everything. He is a great person. We have him on walls as a portrait. He transformed the country.

And what about Deng Xiaoping?

Den just followed the system of Mao. He transformed some places. Deng Xiaoping did a completed economic change.

- Wang, A. (October 22nd 2013). Manager ATS Lighting. (V. Álvarez, Interviewer) Guzhen, Guangdong, China.

ANEXX No. 3 Margarita Li interview



University of Azuay
Faculty of Law
School of International Studies

Interviews prior to obtaining information for my thesis topic

Interviewer: Verónica Alexandra Álvarez Álvarez

Thesis Title: Social and economic events of the Chinese Economic Revolution
(1949-2013)

I thank you for your predisposition and acceptance to be interviewed by me to get information for my thesis topic. I have chosen you as one of my interviewee due to the fact that I consider you plus a friend, a person who will provide me your knowledge and opinions as a Chinese citizen.

Here you have some of the main topics that we will talk about during the interview; therefore you can have a guide in advance.

General Information:

Full name: Margarita Li	Genre: Female
Age: 30	Occupation: Sales Manager
Company: Yankon	Nationality: Chinese
Salary: 12,500.00RMB – 2020.00USD	City: Guangzhou

What is your opinion about the Hukou System?

Nowadays the government is investing in the rural area due to the fact that the population density is unbalanced. The main goal to reach through high quantities of money is to encourage rural citizens to stay in their land and produce there. The government is building new factories and setting up companies to increase the production over there.

An issued that draws attention is that a citizen can occupy a land just for 70 years old, because the whole land of China belongs to the People's China Communist Party. Girls are adopted by foreigners because there is a bad habit, especially of rural people, who think that women do not produce as men do. Therefore, just men are accepted in the mind of those people.

What do you think about "One Child Policy"?

One child policy: if both of the couple do not have sisters or brothers, the couple can have a second baby. However, the citizens feel kind of delimited to do it because they do not have time to take care of their first child, their second one worst. However, those policies work in China, they don't and will not in your country. Aging population: provokes payment of high taxes because retirees receive their monthly payment. And we pay it. We have to pay high taxes, take care of a child and four adults; overall it is a nightmare in the economic way. Nowadays, I live in a department with 3 rooms, 2 bathrooms, 1 kitchen with a small dining room. However, my parents paid for us because it is impossible for me and my husband to pay. "One Child Policy" is a good strategy to control population growth; this is against the human right of having children.

I am a single daughter, and this situation makes me feel lonely. When women of my of approximately 30 years old want to get married, they and their husbands have to take care of four people, which are their parents. Currently the "One Child Policy" is within a change process. If my husband or I were a single born child from their parents, we could have two children in the future. Unfortunately this is not our case because my husband has a brother. If we fail to follow the rule, we are in trouble.

What about the workers salaries?

Buying an apartment in Shanghai costs 4 millions RMB. China is more expensive than the U.S. in some purchases. Renting a room in Shanghai costs 1500 RMB. I earn 12500 RMB monthly, while the factory workers salary are 2500 RMB monthly.

China is a big country with a high rate of population. Of course, Chinese government still has difficulties to control the whole country. China is developing very fast, with a stable lifestyle for everyone. The percentage of poverty in China is normal because every country has certain level of poverty. However, there is a gap of poor people that cannot buy a house. They just rent small rooms to live.

How do you think that Mao Tse Tung and Deng Xiaoping contributed to China's Evolution?

In the political field, Mao Tse Tung was a wonderful man who established China. When Mao became older he committed different mistakes. On the other side, Deng Xiaoping was an open-mind man, who improved China's economy.

Talking about the Chinese Unique Party, one party is good enough to control a country. If there were more political parties, it would cause a political chaos. China leads a special kind of communism, completely different of the Cuban system. Chinese has a communism in wealth, mixed with capitalism parameters. This modified system definitely has worked well.

- Li, A. (October 22nd, 2013). Worker Yankon Compay. (V. Álvarez, Interviewer) Guzhen, Guangdong, China.

ANEXX No. 4 Wanglei Li interview



University of Azuay
Faculty of Law
School of International Studies

Interviews prior to obtaining information for my thesis topic

Interviewer: Verónica Alexandra Álvarez Álvarez

Thesis Title: Social and economic events of the Chinese Economic Revolution
(1949-2013)

I thank you for your predisposition and acceptance to be interviewed by me to get information for my thesis topic. I have chosen you as one of my interviewee due to the fact that I consider you plus a friend, a person who will provide me your knowledge and opinions as a Chinese citizen.

Here you have some of the main topics that we will talk about during the interview; therefore you can have a guide in advance.

General Information:

Full name: Wanglei Li	Genre: Male
Age: 49	Occupation: Owner - Manager
Company: Safewell	Nationality: Chinese
Salary: 60,000.00RMB – 9700.00USD	City: Guangzhou

How do you think that China is progressing so fast?

It is impossible to talk about development of China if we do not read Chinese history. Having knowledge of the history we can understand what is happening now. One of my phrases is “As a bible that I have read, I realized that God has also proved to human being and make them suffering to be better one day. That is what Mao did in order to let us become better.” There were a lot of problems in Mao’s government; nevertheless, he represents China, and must be respected. The same happened with Deng Xiaoping, who practically helped to Mao to transform China. I know that there was hunger in his country; however, those people needed to work hard to reach a good life as the one I have.

What is your opinion about “One Child Policy”?

I don’t have too much to say about this issue. I just affirmed that there are a lot of abortions and orphans abandoned on China because of this policy, and this is an issue without solution.

- Li, W. (October 22nd, 2013). Owner Safewell Compay. (V. Álvarez, Entervewer) Guzhen, Guangdong, China.