

Factors for the Success of the Economic Open-Door Policy in China

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Abstract: This study discusses the factors that contributed in the success of the China's economic open-door policy, such as, political factor (political leadership), Economic planning Factor and gradual reform, and Culture Factor, which are internal factors, provided by the Chinese environment.

The study is divided into four parts, respectively: first: the features of the economic open-door policy, second: political factor/ political leadership, third: Culture factor, Fourth: the economic planning factor and gradual reform.

Keywords: Open-door policy, China, Political Factor, Culture Factor, Economic planning Factor and gradual reform.

1 Introduction

China's open-door policy since 1978 is an important example in studying the experiences of successful economic policies in the South. Some writers have spoken of this experience as a mystery worth studying. Deng Xiaoping in 1978 declared that the future of China depended on Gaige Kaifang (reform and opening up to the West). Therefore, China made a historic decision to adopt a policy of opening up and reform. It has reformed its economic system through integration into the global economy. As well as taking steps to restructure its political system. Significant resources were allocated to coordinate relations with its neighbors, despite environmental costs and social inequalities, uneven development, attempts to narrow social conflicts and narrow regional inequalities between rural and urban cities.

In the light of these changes, this study examines the factors of success of this policy, which are considered internal factors, including, political leadership, culture, economic planning and gradual reform.

The Chinese experience has raised the dilemma of economic reform and internal factors, especially the role of Chinese political leadership, Chinese culture and economic planning, which will be tackled through out this study.

Therefore, the research problem is to identify the factors that contributed to the success of China's open-door policy, represented in a number of factors: politics / political leadership, culture and economic planning.

This research problem raises many questions:

* Key questions: What factors contributed to the success of the economic open-door policy in China?

* Sub-questions:

*- What is the role of the political factor (political leadership) in the success of the open-door policy?

*- What is the role of Culture factor in the success of the open-door policy?

* - What is the role of economic planning and gradual reform in the success of the open-door policy?

The study period is set from 1978 to 2018 (starting from the leadership of Deng Xiaoping), when this policy was initiated, to the current Chinese president.

The study uses David Easton's model of system analysis, as follows: Inputs(factors that contributed to the success of the economic open-door policy).Operations(the working mechanisms of Chinese presidents). Outputs (the success of the economic open-door policy in China).

2 Features of the Economic Open-Door Policy

In December 1978, at the third plenary session of the 11th Party Congress, the Chinese authorities made an important decision avoid communist ideologies and to tackle decades of economic and social mismanagement in order to open the country to foreign trade and investment. The decade-long Cultural Revolution has ended since then, leaving the country in a state of chaos. China was at war with Vietnam, but in December 1978, its diplomatic relations with the United States resumed. Thus, China was ready for a fresh start.

The political leadership in China has played a pivotal role in pushing forward the economic open-door policy. The economic reform and the achievement of a decent standard of living for the Chinese citizen, leading to the welfare of the National were in the priorities of President Deng Xiaoping.

Thus, the Four Modernization programme was as follows:

1. Making the Chinese economy more adaptable to the structural changes recognized by the global economy. One of the advisers of former General Secretary of the Communist Party of China Zhao Ziyang divided the countries into four groups in terms of the ability to deal with the changes that affect the international community in several aspects, as follows:

A- Rigid governments and a rigid economy: the structure of power from one hand, and the structure of the economy on the other are not qualified to adapt to changes, such as "the Soviet Union".

B- Rigid governments and a flexible economy: the adaptation mechanisms in the economic sector are more abundant in the political sector, for example "Asian Tigers".

C - Flexible governments and rigid economy: contrary to the previous patterns, the government is more adaptable than the economic structure, as in "India".

D - Flexible governments and a flexible economy: a pattern that is available in developed countries, where both the government and the economy have plenty of mechanisms to adapt to international changes. He believed that China should work to join this group.

2. To reconsider development priorities so that the focus shall be on agriculture, industry, scientific research and finally defense.

3. Restructuring the production sectors. The family liability system was approved by the party in 1980, stipulating the conversion of collective farms into family holdings, and allowing private enterprises. The state retains control of heavy industries, energy and mining.

4. Urban Reforms (approved by the Party in 1984). It focused on decentralizing the management of public enterprises, especially with regard to price and labor policies, opening up joint projects with foreign investments or allowing them to establish their own projects after obtaining a license. The provinces had the right to have commercial representatives abroad, who were accountable to the local authorities and not to the Ministry of Economic Relations and Foreign Trade.

5. Giving the administrative institutions a degree of independence from the bureaucracy of the party.

6. Facilitate foreign trade channels by reducing tariffs.

7. Seeking to join international, economic and financial bodies.

8. Encourage tourism facilities and initiate a wide process of building such facilities.

Chinese leader, Xiaoping, aims to increase production and reach the community for economic welfare. In order to achieve this, China has to go the way it does, regardless of whether it is socialist or capitalist. Thus, it can be said that 1978 witnessed the beginning of the economic revival of the People's Republic of China, which has achieved many achievements and is still striving to achieve more. The Chinese economy is experiencing very high growth rates, an increase in national output and

improvement in the standard of living of citizens. There is no doubt that such major economic developments increase the chances of China to occupy a distinguished position in the world. China's vision of economic reforms is based on the fact that the implementation of these reforms is one of the top priorities of China's foreign policy as it relates to the stability of society and the improvement of the standard of living. This cannot be achieved without these reforms: "The Chinese economic genie came out of the lamp and set off to compete with the world's economic peaks". All the expectations were that it would outweigh these established peaks in one or two eras and China shall become the first economic power in the world. The economic revolution in China and the emergence of an economic market in the world's most populous countries is the most important event at the end of the 20th century, and surpassing the rest of economic markets in the 21st century.

3 Political Factors / Political Leadership

The political factor focuses on the role of the political leadership in China in planning and implementing the economic open-door policy.

The definitions of leadership are varied, the most important of which is the definition of the Encyclopedia of Political Science: a characteristic of capacity, ability and talent to conduct collective action and to attract a group of people to move towards a common goal. Such attraction is, usually, achieved through trust, practical or theoretical belief in the personality of the leader or the people of leadership and their objectives, and admiration for their biography their behavior, their ability to carry out tasks and respond to challenges, as well as the need for empathy and communication between leadership and their followers.

Blondel also defined the leadership as "the power of a person to push the members of the Government to work in a certain direction.

The leadership in China has identified three phases of the reform and opening-up process:

- To achieve the double of GNP during the 10 years from 1980 to 1990, in order to solve the problem of food and clothing for the population.
- To double GNP twice more by the year 2000 and to bring people's standard of living into good conditions.
- To modernize the Chinese economy in the middle of the 21st century, and to bring the Chinese economy to the ranks of the world's industrial peaks in many industrial production scopes, as well as to reach the level of developed countries, with regard to GNP per capita indicator.

It is noteworthy that, since the first day of the economic open-door policy, China did not ignore the reform of the political system and its role in the reform process, and launched the so-called "political action institution" as stated in the party's Statement in December 1978. One of the studies has concluded that the Chinese legal system, retained three features: the primacy of the regime over freedom, the priority of the duty on the right, and the priority of the community interest on the interest of the individual.

Despite the major reforms introduced by the reformist leaders to the political system and its central bodies, China has many organizations without institutions, and that the work is done within the political and administrative bodies on a vertical basis, in the sense that degree of cooperation between bodies horizontally almost do not exist. For example, a researcher specializing in China's foreign policy asserts this perception and considers that there are radical changes in China's policy-making mechanisms, namely:

- Increased institutionalization of decision-making.
- To increase role of the technocrats.
- Establishment of a new department for the Advanced Planning of the Ministry of Foreign Affairs policy.
- To appoint specialists outside the government to serve as advisers to technical issues, such as those relating to the formulation of strategic State policy frameworks, or relating to the non-proliferation of banned weapons and missile defense.
- To involve a large number of Chinese scholars and political analysts on a regular basis in a number of internal studies and in creating some political abbreviations.
- To establish an academy in Shanghai to graduate cadres, chiefs and leaders who will be responsible for leading the country in the post-state development phases. The Academy teaches leadership, management and higher education, and how to adapt to the country's changing needs and crisis management.

Nevertheless, it is recorded that the process of making foreign policy decisions is currently characterized by institutional and Decentralized processes. It is also no longer highly dependent on the individual characteristic of a leader. One of the directions of change in China, providing greater opportunity for the role played by the corresponding government bodies competent in key policy issues, known as the "small leadership groups". In late 2000, Beijing established "new National security Leadership groups". These bodies constitute the public image of the political system and would restrict the political power of an individual or party. The political system continues its development to present.

The opportunities for technocrats in the Chinese political system have increased with the absence of the charismatic leadership, along with the growing trend toward technical assistance in all areas of life, which led to the expansion of these effects to political aspect, regardless of the type of political system, even if with the variation of such effects.

It could be argued that the relationship between the crisis of communism and the growing trend toward technocracy was the subject of discussion in political literature, Francis Fukuyama says on this matter:

"It is a general expectation that inevitable technical development will lead to the alleviation of the central communist control, and to be replaced with the most freely directed market practices, and that the judgment of Raymond Aaron that technical complexity will strengthen managers' class against the ideologies and the military... was proven true."

On the basis of the above, the judgment of "Deng Xiaoping" and the intellectual-political school left to his predecessors leaders of the new generation of the party came to open up new horizons of political action in China in its internal and international dimensions, where China has been strengthened by the international community, but in parallel with the manifestations of openness in foreign policy, and in the Chinese diplomatic work, the final links have remained very centralized. The former president Deng Xiaoping could obtain the approval of 11th congress of the Chinese communist party on the economic reform. Then, he got the approval of the 14th congress to speed up the process of economic reform, and the term of the "socialist market economy or socialism with Chinese characteristics" has been used, since the term privatization is not acceptable in China at the leadership level. The reforms embodied in the market economy, were as follows:

1. The decline in the contribution of the state-owned units in the manufacturing industries from 53% in 1991 to 34% in 1994, and the high proportion of the contribution of individual units from 6% to 13.5% in the same period.
2. The success of Jiang Zemin, the new president, to get the approval of the 15th congress of the communist party held in September 1997, on his program to sell the majority of state-owned industrial units.
3. China's accession to the institutions of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD), where American hegemony appears to be evident in one form or another.
4. The Chinese leadership has studied the Soviet experience, as well as the Eastern European States, which has resulted in its political and economic termination. Accordingly, the economic reforms came from within and under the umbrella of the Communist Party of China (CPC) itself and not from political groups outside it, as happened in Eastern Europe. Also, the Chinese leadership has not abandoned the agricultural sector's priority for the sake of the industrial sector, as is the Soviet and Eastern European experience, which has contributed to the acceleration of economic, political and ideological failures in these experiments.

4CultureFactor

Culture factor addresses the focus on the Confucius Culture and its role in the success of China's economic open-door policy. The most important factor in adopting a new economic opening-up policy is the creation of a new political culture among the ruling elites, which allows for the building of a new political consciousness that will lead to the reformulation of sources of legitimacy and institution-building. This requires a cultural incubator; for meeting people's aspirations.

Thus, it can be said that if the causes that led to the success/failure of economic policies are manifold and differ from one society to another, political culture is one of the most influencing factors in this regard.

Confucianism is the main influence of the Chinese cultural system. Confucianism is the mainstay of the philosophy of State and society, which essentially is based on the character or the parents of power, its hierarchy, and social relations, concern for the integrity of power, good choice and accountability of rulers, and the non-expansion of wars. It also includes a special place for aristocrats in the community, and the individual's commitment to the community in exchange for his/her own interests; to strengthen agreement and cohesion among members of society. Chinese leadership has been keen to revive traditional patterns of Chinese culture in the face of attempts by the Western liberal system to penetrate Culture area, and the risk of undermining the traditional pillars of Chinese culture.

The Confucius culture is based on several foundations, the most significant of which:

- A. Respect and reverence for official authority, and a special place for government officials.
- B. Emphasizing the value of hard work and achievement, which is the mainstay of China's economic development.

- C. The tendency to be systematic in groups and to confer some legitimacy on these groups, while accepting behavioral differentiation in their scope, and therefore there is no separation between the individual and society in China.
- D. To affirm the spirit of the group and to work within it, with reverence for responsibility and obedience;
- E. To emphasize the importance of personal and family relations as one of the foundations of Confucianism which has given special importance to parents and reverence of family to the loyalty for political power.
- F. The supremacy of the hierarchical values in both the political and administrative field, that has been reflected negatively on the administrative area embodied in the difficulty of institutional interdependence and cooperation at the lower and middle levels.

However, Confucianism has had a number of variables pushed towards individual liberalism, the most important of which has been the gradual loss of individuals to communicate with traditional communities with the transition from rural to urban areas, the new urban population did not absorb the general sense of their society, and tried to adapt to the life of the city by individual means, reflected on subjectivity, in the end everyone stressed the personal interests, regardless of the general interest of the community to which he belonged.

It is worth mentioning that Chinese culture adopts a complex system of identifying the partners in descent. This complexity is due to the strict reliance on how close or far the blood bond in determining the kin within the family, the single family. This is related to the principles of Chinese morality and its hierarchical system. This phenomenon can be explained by two principles: first, the difference between "inside and outside": the relationship between father and mother, husband and wife is classified on the principle of "inside and outside" (or kin), since the in-laws relationship in the wife's family and the husband's family is not the same. The grandfather and grandmother of the mother are classified in the "outside" part, and the grandfather and grandmother of the father, are classified in the "inside" part. The second principle is the hierarchical construction of the Chinese family, where Chinese culture pays great importance to the hierarchy between brothers from the oldest to the smallest, to preserve the respectfulness without confusion.

These two principles are showing clear during mourning ceremonies. From one hand, the clothes worn by everyone from the family during the consolation reflects the proximity and distance to the deceased. On the other hand, it embodies the unity and solidarity of family and clan during this anguish.

If we expand further on the concept of family and clan in Chinese culture, we can reach the concept of State. This concept differs from that of the state in Western culture, either "country" or "state", meaning "family". In the Chinese language, the concept of State consists of two terms: "state" + "family" "GuoJia". The order of the two words can be changed, but the meaning remains the same. Because the state in Chinese culture represents the "big family", the family represents the "small country". Therefore, the vertical hierarchy is "from top to bottom", and horizontal hierarchies "from Inside to Outside" is very stringent at the state level as well. Confucius's theories were founded on this basis.

Thus, Confucianism has played a large role in the success of economic open-door policy in China.

5 The Economic Planning Factor and Gradual Reform

The success of China's economic open-door policy has contributed to the adoption of strategic planning and the gradual implementation of it.

After 30 years of the sixth five-year plan, strategic planning led to a huge economic boom, with growth rates in the gross domestic product (GDP) at 9.8%, or more; China has become the second largest economy in the world by the end of the second quarter of 2010. With a GDP of about 364 billion Yuan in 1978, it reached about 2 trillion Yuan in 1991, and in 2001 it reached about 10 trillion Yuan, and in 2011 to about 47 trillion Yuan; it continues to grow at the end of 2015 to reach about 70 trillion Yuan.

The economic open-door policy has focused on the development of education and scientific research. This has contributed to the generation of technological patterns that have contributed to scientific discoveries and significant technological innovations, which positively affect China's competitiveness and new solutions, have shaped key factor in the overall Renaissance industry. The information technology and software development processes have supported the Chinese economy in general; while information and communication technologies have reduced the cost of capital and increased the added value of Chinese products.

In addition, China has gradually adopted work style of transition from one stage to another, which distinguishes its economic experience, where the system of market economy and abandon the central planning system. The experiment was initially

restricted to limited areas and was to be prevailed to all areas of the country if proven successful. The gradual approach also demonstrated in that the reform experience was limited to a particular sector and then to prevail in other sectors. The

agriculture sector was selected and then moved to the rest of the other sectors. This method has helped to sustain this Experience and not to fail.

Thus, it can be said that strategic economic planning and a gradual approach to the application of reforms have given China immunity against the failure of other experiments. It is therefore one of the most successful experiences in this field.

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7 Conclusions

Thanks to Deng Xiaoping, who came to power in China in 1978 and began applying the policy of economic reform and opening-up to the world, as the beginning of a new phase in the People's Republic of China's, which has stunning results, and have become a model is referred to by the rest of the world.

The economic open-door policy has made significant shifts in the Chinese economy, proven by the high rates of economic growth, and rising GDP, and high rate of foreign investment in China, and China's contribution to the increase in the volume of world trade, which led to a noticeable improvement in the level of per capita income in China, compared with the period prior to the application of this policy. It was and is still achieving levels unprecedented in any other State.

Many factors have contributed to the success of this policy, most notably of which: the political factor/political leadership, culture factor, and economic planning and gradual reform.

The annual rate of development of the Chinese economy from 1978 to 2017 was approximately 9.5% on average, the share of China in the world economy has increased from 1.8% to about 15%, and the average per capita GDP in 1978 in the mainland 155 US dollars only, and was ranked third in the bottom of the list of per capita income in the world. In 2017 this figure reached more than 8800 US dollars, and China has become the top middle income countries. In addition, the decline in the share of agriculture in GDP by about 16.7% and the share of the manufacturing sector to 7.2%, and the share of the services sector increased up to 23.9% of GDP. Urban increased in 1978 from 17.9% to 58.5% in 2017, and thus achieved the highest rate of urbanization in the world. It has made great achievements in infrastructure, increasing the density of railway from 53.0% km per 100 square km in 1978 to 1.3 kilometers per hundred square kilometers, with an increase of 3,144%, and the length of high-speed railway to more than 20,000 km, ranking the first in the world. In the area of health care, basic education, the average life expectancy at birth of 8.65 years in 1978 to 76.1 years in 2015, an increase of 10.3 years, increased the number of doctors per ten thousand individuals from 10.8 in 1978 to 1.23 in 2015 .

The most notable indications of the success of China's economic open-door policy, quantitative indicators. As the Chinese economy contribution exceeded the global economy 30% for many years, the Chinese economy has reached approximately 115% of the size of the US economy. The volume of China's GDP in 2017 to about 80 trillion Yuan (one US dollar equals to 6.6 Yuan," have been created 13 million new jobs in cities and towns. China is proud of being the largest foreign exchange reserves in the world. Moreover, it is the biggest country in the trade of goods and merchandise in the world, and the largest country in the trade of goods and commodities in the world, the biggest trade partner of more than 100 countries and regions around the world. In the area of scientific and technological innovation and engineering, more than one million and three hundred thousand are graduating from Chinese universities compared with three hundred thousand in the United States of America" about four times the number of graduates in the United States of America".

Satellite «Hoi yen» started flying in space, and a large passenger plane C 919 hovered in the sky, together with the creation of a quantitative computer, and running test on rice cultivation in marine waters. Besides, the inauguration of the first domestic aircraft carrier, while «Haiyi» succeeded in its mission of monitoring in the deep sea, and the first experimental process to extract reusable ice burn from the sea was successful. On the other hand, the fourth-phase of Yangshan Port project was officially started, as the current Chinese President Xi Jinping in his speech on the occasion of the New Year. Chinese Military spending amounted to less than 140 million USDollars.

China believes that the world one family and there should be win-win policy to build a good society for all the peoples of the world. It also defends the authority and prestige of the United Nations, and positively executes its international duties and responsibilities. It offered foreign aid that exceeded 400 billion Yuan, more than 10 thousands of training courses for personnel from developing countries. It is committed to its pledges of confronting climate change, and paying for Belt and Road Initiative for a more prosperous and secured future for all humankind. It seeks to further gender equality and equity in its relations with the United States of America, including the supreme interests of the two countries, under the vision of the international system is desired.

If you talk about China, take into consideration that you are talking about the highest rates in the world, and try to apply this model in your country.

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