

Commentary

BUFFIN PARTNERS INC.

ECONOMIC INVESTMENT AND ACTUARIAL RESEARCH

New China: A Myriad of Impressions

The classic academic sabbatical is a time for contemplation and meditation; a time for assessing change and choosing new directions. Our recent mini-sabbatical in China presented the opportunity to assess the New China and articulate the results of a myriad of impressions. Just as French impressionistic painting provided a new way of representing and appreciating art, so too does the diverse array of exposures to the cultural experiences of Old and New China provide impressionistic pictures of the dramatic changes that drive the peaceful revolution of the New China.

Our China Blog captured the essence of the experience. East West transition and fusion. History and culture. Ideograms and calligraphy. Planning and implementation. New great leap forward. New cultural revolution. Surprising sophistication. Civic pride. Construction boom. Hutongs to high-rises. Bicycles to automobiles. World's workshop. Economic miracle. Ancient poetry. Enduring wisdom. Eight millennia of civilization. Beautiful people. Revered elders. Beloved children. Future aspirations. Peaceful intentions. World power. Scenic grandeur. Mighty Yangtze. Great Wall. Imperial Xian. Three Gorges. Misty mountains. Geologic wonder. Olympic Beijing. Incredible Shanghai. Future Pudong. Silk and jade. Dragons and pandas. University education. Engineers dominant. Ancient medicine. 21st century urban planning. Thriving export industries. Domestic demand growth. Three Gorges Dam world's greatest construction project. Political myths. Economic realities.

The New China offers many promises. It is adopting *laissez-faire* capitalism while maintaining a strong central state government. Its policy represents peaceful development and coexistence with other nations. Its economic planning embraces concepts of equality, urbanization and green development. The policy comprises three strate-

gies: the first is a national transcendence of old-style industrialization and a move to high technology input, economic efficiency, low consumption of resources, low pollution of the environment, and utilization of human resources; the second strategy is to proceed peacefully and to reject a policy of using military means to acquire global resources or seek world hegemony; the third strategy commits China to develop a better balance between rich and poor and to improve social management methods in the economic development of society.

Deng Xiaoping is credited with initiating the development of the New China and embracing modern market economy principles. Ma Kai, leader of the National Development and Reform Commission has already moved China into a position of global dominance of the textiles and footwear industries; China is now in the process of achieving dominance in other industries and has ambitions to develop a full-scale service economy.

Professor Yu Keping is head of Beijing University's Center for Chinese Government Innovations and he serves as an adviser to President Hu Jintao. He espouses incremental democracy that "reflects a full understanding of the universality of democracy as a set of institutions and procedures to guarantee a citizen's freedom, equality and political rights through a process of participation with a rule by law and an affirmation of the critical role of government in promoting democracy on the basis of cooperation between government and citizens so that economic development at a local level responds to both central government and local people." The big question is whether the economic reforms already in place will be followed by a carefully orchestrated low-profile process of political reform. This is a paradox. The leadership is clearly opening up to become more meritocratic but retains close control of party and state. Changes in China's

internal politics have major implications both domestically and globally; issues of poverty, environmental pollution, commodity prices (particularly oil), the US current account deficit, Japan's economic growth rate and regional economic and political cooperation are all likely to experience the effects of change within China.

To see Shanghai today is to experience the future. Shanghai has created a high-rise city in recent years that surpasses in sheer size and scope the architectural achievements of urban development everywhere else in the world. An entirely new city has been built across the Huangpu River in the Pudong district. Pudong makes a dramatic visual and impressionistic statement to the world about China's emergence as the pacesetter for the world's urban planning for the 21st century. A visitor to the Museum of Shanghai can experience the culture and arts of eight millennia of civilization and then cross the street to enter the Shanghai Urban Planning Exhibition Hall to experience a sight so awesome, with its gigantic model of the entire Shanghai metropolis as it will be in 2020, that even the impressions of the Great Wall, Forbidden City, Terra Cotta Warriors, Three Gorges, Yangtze River, The Bund, Tiananmen Square, and the Dam construction site, all pale in comparison. The exhibition dazzles the visitors with an incredibly vast detailed model of every high-rise building and house, the industrial parks, retail districts, schools, university campuses, residential communities, airport, subway system, expressways, parks and riverfront that together define the future of the mega-urban community.

Buffin Partners Inc.

P.O. Box 1255
Sparta, NJ 07871
Phone: (973) 579-6371
Fax: (973) 579-7067
Email: commentary@buffinpartners.com

