

POLITICS AND ECONOMICS

**THE MAIN VECTORS OF
GLOBALIZATION AND EVOLUTION OF
CHINA'S POLITICAL SYSTEM**

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ABSTRACT

The purpose of this study is to examine the theoretical and methodological foundations of globalization and the evolution of China's political system, identify its distinctive features and key development patterns, and analyze the objective determinants and socio-economic consequences of globalization in the context of the emergence of a new world order.

The article builds on the interdisciplinary nature of the topic being studied and draws on the works of Kazakh, Russian, and foreign authors. It uses general research methods

and techniques such as scientific abstraction, grouping, qualitative expert assessment, quantitative assessment, and comparative analysis and synthesis.

The article examines the process of globalization and China's accession to the WTO using statistical and sociological data, with a definition of China's role in the world economy.

It also considers the modern political system of the People's Republic of China and the stages of its socio-economic development.

KEYWORDS: *globalization, evolution, political system, People's Republic of China, expansion, demography, trade and economic relations, investment.*

Introduction

The development of today's world civilization shows a clear trend towards closer relations between countries and peoples and the emergence of a single economic and information space. There is a constant exchange of knowledge and technology on a planetary scale. All these processes together are known as "globalization." At the same time, most of the numerous social problems and contradictions that have arisen in recent years are believed to be caused by globalization and international integration as they are today.

As for researchers, globalization is conventionally seen as a process or phenomenon with economic, political, and cultural components. Some believe, however, that it is more than a process or phenomenon and see it as a new overarching philosophy of world order and world view.

Globalization assumes that the economies of all countries will ultimately merge into a single economic system providing for the free movement of information, goods, services, and capital and for the unimpeded flow of ideas, and that this system, unlike government-controlled and regulated national markets, will be a self-regulating one.

At the cultural and social level, the phenomenon of globalization and integration also implies the formation of a single universal society with common socio-cultural values. However, cultural integration processes go hand in hand with regionalization or localization processes, which help to maintain ethnocultural diversity. As understood by some statesmen and public figures, the "ideology of globalism" focuses on profit seeking as almost the only driver of development along with a significant limitation of the state's role in the economy. They are concerned that the solution of long-term problems of crucial importance for sustainable development is replaced by an urge to maximize profit and wasteful consumption.

A characteristic feature of the current stage of globalization is the growing interdependence of the world's economies, although this process has slowed down, primarily because some countries want to avoid its negative consequences. As the Donald Trump administration has changed course on foreign economic policy, China has remained an advocate of globalization.

Relevance of Research

Given its economic power and its role as the “workshop of the world,” China is now a key driver of global economic growth.

The impact of the “China factor” on the development of the world economy is undeniable, but economic globalization, in turn, has an increasing impact on the Chinese political system. An important point here is that China has been able to achieve significant economic successes in a short historical period without changing the foundations of its political system, confining itself to certain changes only within this system.

Literature Review

The theoretical and methodological foundations of globalization and the evolution of China's political system have been the subject of many domestic and foreign studies.

In domestic historiography, there are a number of works of particular interest in the context of this study. First and foremost, these include works on China's political system and its foreign policy in Kazakhstan and the countries of Central Asia, such as the works of K.L. Syroezhkin,¹ N.A. Aldabek, A.E. Serikkaliyeva, and D.B. Dauen,² N. Mukhamedkhan,³ S.Zh. Sapanova,⁴ and others.

In Russian historiography, of particular interest in this context are works that study “soft power” and its theoretical basis, including articles by I.V. Radikov and Ya.V. Leksyutina,⁵ S.V. Krivokhizh,⁶ E.M. Kharitonova,⁷ V.M. Kapitsyn,⁸ and M.V. Larionova,⁹ as well as works on the soft power of

¹ See: K.L. Syroezhkin, “China in Central Asia: From Trade to Strategic Partnership,” *Central Asia and the Caucasus*, No. 3 (45), 2007, pp. 40-51; Idem, “China's Presence in the Energy Sector of Central Asia,” *Central Asia and the Caucasus*, Vol. 13, Issue 1, 2012, pp. 20-43; Idem, “Osobennosti vneshnei politiki novogo rukovodstva KNR,” 13 March, 2013, available at [<http://carnegieendowment.org/2013/03/03/osobennosti-vneshnei-politiki-novogo-rukovodstva-knr/fvcv>].

² See: N.A. Aldabek, P.E. Bekturganova, A.E. Serikkaliyeva, D.B. Dauen, M.B. Asyl, *Modernizatsia Kitaia i Kazakhstan: monografiia*, Kazak Universiteti, Almaty, 2014, 348 pp.

³ See: N. Mukhamedkhan, *Diplomatische otnosheniia i problemy sinologii: monografiia*, Almaty, 2010, 204 pp.

⁴ See: S.Zh. Sapanova, *Strategiia Kitaia v Tsentralnoi Azii v kontse XX-nachale XXI veka*, Contemporary Korea Studies Institute, Hanyang University, Seoul, 2015, 257 pp.; Idem, *Delimitatsiia i demarkatsiia kazakhstansko-kitaiskoi granitsy: monografiia*, Kazak Universiteti, Almaty, 2016, 130 pp.

⁵ See: I.V. Radikov, Ya.V. Leksyutina, “Miagkaia sila kak sovremennyi atribut velikoi derzhavy,” *Mirovaia ekonomika i mezhdunarodnye otnosheniia (MEiMO)*, Moscow, No. 2, 2012, pp. 19-26.

⁶ See: S.V. Krivokhizh, “Miagkaya sila i publichnaia diplomatiia v teorii i vneshnepoliticheskoi praktike Kitaia,” *Vestnik Sankt-Peterburgskogo universiteta*, Series 13, Issue 3, 2012, pp. 103-112.

⁷ See: E.M. Kharitonova, “Effektivnost miagkoi sily: problemy i otsenki,” *MEiMO*, No. 6, 2015, pp. 48-58.

⁸ See: V.M. Kapitsyn, “Kosmopolitizm—komponent miagkoi sily i globalnogo upravleniia,” *Obozrevatel-Observers*, Moscow, No. 10, 2009, pp. 70-79.

⁹ See: M.B. Larionova, “Miagkaya sila—resurs vneshnei politiki,” 23 February, 2015, available at [<http://goo.gl/wfuDx4>].

China, namely those of O.N. Borokh, A.V. Lomanov,¹⁰ and A.V. Boyarkina, K.F. Lykov, and V.F. Pecheritsa.¹¹

In Chinese historiography, one should note the works of classics in the field of international relations: Pang Zhongying,¹² Wang Huning,¹³ and political scientist Yan Xuetong,¹⁴ whose monograph on the concept of “power” in ancient Chinese thought makes it possible to trace the long history of the emergence of Chinese soft power. In addition, Yan Xuetong is one of the few researchers studying soft power who has used quantitative methods to calculate an index of soft power. Yu Xintian approaches the concept of “soft power” from the perspective of cultural studies.¹⁵

At the same time, not all problems of China’s interaction with the world economy have by now been subjected to in-depth and comprehensive study. China has recently stepped up its efforts to strengthen its position in the world economy both by expanding the scale and range of foreign economic ties and by demonstrating its ability to protect its economic interests. In particular, this refers to the increase in foreign direct investment in the Chinese economy (inward FDI) and the expansion of Chinese capital abroad (outward FDI). China’s accession to the WTO and especially the efforts to overcome the consequences of the world financial and economic crisis have triggered a search for new theoretical and practical methods of studying the problems of globalization of the world economy and China’s role and place in today’s international division of labor. China’s current position is based on the need to pursue a foreign economic policy designed to increase the role of external factors in modernizing its economy while mitigating the destructive effects of crisis phenomena in the world economy, as well as the negative aspects of economic globalization in general.

Research Methods

The study is based on fundamental and applied works by Kazakh, Russian, and foreign researchers in the field of economic theory, world economics, economics of transition, and institutionalism, as well as recent studies on various problems associated with the development of China’s economy and foreign economic relations. An important contribution to understanding the current trends in China’s economic development and different aspects of its relations with the outside world is made by the speeches of its leaders.

The research methodology is based on the dialectical theory of development, the fundamentals of economic theory, and the unity of the logical and historical methods of research. In this study, we have used systems analysis methodology, which makes it possible to identify the causal relationships

¹⁰ See: O.N. Borokh, A.V. Lomanov, “Ot miagkoi sily k kulturnomu mogushchestvu,” *Rossia v globalnoi politike*, Vol. 10, No. 4, 2012, pp. 54-67; A.V. Lomanov, “Kitaiskaia mehta kak ideologicheskyy simvol rukovodstva Si Tsinpina,” in: *Kitaiskaia narodnaia respublika: politika, ekonomika, kultura. K 65-letiiu KNR*, Forum, Moscow, 2014, 480 pp.

¹¹ See: A.V. Boyarkina, R.F. Lykov, V.F. Pecheritsa, “Preventivnaia diplomatiya kak instrument ‘miagkoi sily’ KNR,” *Vestnik ZabGU*, No. 9 (124), 2015, pp. 50-57.

¹² See: Pang Zhongying, “The Beijing Olympics and China’s Soft Power,” 23 January, 2016, available at: [<http://www.brookings.edu/research/opinions/2008/09/04-olympics-pang>]; Idem, “Guoji Guanxi Zhongde Ruanlilian Jiqita,” (Soft Power and Other Issues in International Relations: Talking About American Scholar Joseph Nye’s *Bound to Lead*), *Zhanlue yu Guanli* (Strategy and Management), No. 2, 1997, pp. 49–51.

¹³ See: Wang Huning, “Zuwei Guojia Shili de Wenhua: Ruan Quanli” (Culture as National Power: Soft Power), *Fudan Daxue Xuebao* (Journal of Fudan University), No. 3, 1993.

¹⁴ See: Yan Xuetong, *Ancient Chinese Thought, Modern Chinese Power*, Princeton University Press, 2011, 300 pp.; Yan Xuetong, Xu Jin, “Zhongmei ruanshili bijiao,” (Comparison of Chinese and American Soft Power), *Xiandai guoji guanxi* (Contemporary International Relations), No. 1, 2008, pp. 24-29.

¹⁵ See: Yu Xintian, “Ruanshili jianshe yu duiwai zhanlue,” (Soft Power Construction and External Strategy of China), *Guoji wenti yanjiu* (International Studies), No. 2, 2008, available at [<http://www.aisixiang.com/data/19720.html>].

behind the transformation of China's foreign economic strategy and the structure and parameters of its interaction with the world economy. The study analyzes and summarizes China's role and place in the globalization of the world economy, making wide use of comparative analysis and statistical processing of large data sets.

Results

The growing scholarly interest in China with focus of attention on the problem of economic, socio-cultural, and demographic security appears to be very timely, considering the complicated situation with Chinese leadership in the world economic system. At present, the problem of studying not only the quantitative characteristics of globalization, but also its qualitative parameters is coming to the fore. This is of paramount importance for understanding the current development of global economic processes and for projecting scenarios of their development in the future. During the pandemic, the complex globalization processes bring the issues related to the China factor and the PRC's political system into sharper focus. It should be especially emphasized that globalization issues are determined in large part by China's economic growth and the nature and intensity of its foreign policy.

A study of the processes of globalization and modernization of China's political system, as well as its accession to the WTO, leads to the following general conclusions about the problems related to China's role in the modern world:

1. China is becoming an integral structural part of globalization. The latter has expanded to include virtually all countries in the world. The structure of migration flows has changed according to the needs of the globalizing market.
2. The Chinese economy has been developing very rapidly and has a complex internal structure. China's globalization structures and its spatial characteristics are a special feature of globalization and modernization of Chinese society.
3. China has a huge potential for migration, whose realization during market reforms and the current financial and economic crisis leads not only to internal population movements as the Chinese authorities encourage people living in the eastern provinces (mainly Han) to move to the ethnic peripheries. At the same time, these processes are accompanied by significant migration outflows from China, whose further external economic expansion will spur migration from the country.
4. There are no serious studies or publications of official data on the impact of the China globalization factor on its neighboring countries, including Kazakhstan. There is no access to information on the numbers, settlement patterns, and structure of migrant workers from China, on the problems in the migrant community, as well as on major trade, economic, and investment projects between Kazakhstan and China. These are the facts that generate the "myths" that accompany our bilateral relations and phobias regarding China. The relevance of studying the China factor in the context of globalization is determined not only by the novelty of the "Chinese economic expansion" in Kazakhstan as an under-researched economic phenomenon, but also by a lack of experience in responding to it and, consequently, by the need to build an analytical base for decision-making in this area.
5. China's accession to the WTO has highlighted the problems associated with the China factor in the conditions of globalization and intensified the rivalry for global leadership between China and the United States.

Discussion

The Foundations of Globalization and International Economic Integration

Globalization is the key concept that characterizes world development processes in the 20th and early 21st centuries. The word has numerous definitions, but essentially it means that something is becoming global, worldwide. The term “globalization” was first used by Karl Marx in his letters to Friedrich Engels, where he took it to mean a purely economic process leading to the formation of a world market. Yet, some Western researchers claim that globalization began in the Middle Ages, when there was a rapid increase in trade between European countries. In its modern interpretation, globalization refers to the process of cultural, political, scientific, and technical unification and establishment of relationships between separate social objects and phenomena.

Thus, globalization implies the unification of all spheres of human life and activity: political, financial, scientific, technical, religious, and cultural. Whereas in the past the globalization process was driven by the development of trade, wars, and political activity, today it has moved into the phase of unification of the world on a scientific, technological, and economic basis.

From a political perspective, globalization should ideally promote the interpenetration of cultures, mutual understanding between civilizations, establishment of international legal norms, and respect for human rights with the retention of the identity of peoples and their unique mentality, without allowing any spiritual or political unification. Globalization has many other aspects that strengthen mutual ties and integration between human communities: the increasing role of transnational structures and actors in international relations (regional and non-governmental organizations), the spread of legal norms, social standards, etc.

The International Monetary Fund defines globalization as the growing economic interdependence of countries worldwide. Broadly speaking, this implies a worldwide system emerging as a result of the fusion of national economies. It should be based on free movement of capital, reduction of tariff barriers, liberalization of trade, and integration of information and communications.

In the modern world, countries have been forming regional associations as part of the world community. The development record of international trade relations shows that the value and weight of a particular region may increase as the trends towards integration within it strengthen.

Transnational economic integration is a process where regional economies integrate into a single economic union based on sustainable economic relations, convergence of national economic systems, and their adaptation to each other, a process driven by the economic interests of the economic actors and leading to an international division of labor. Today, this has become a tool for accelerating the development of regional economies and improving market competitiveness among the member countries of integration groupings. Economic integration also involves the interstate regulation of economic interdependence, the formation of a regional economic complex geared to meet the needs of the region as a whole, and the removal of national barriers to the free movement of financial assets, goods, services, and labor, resulting in the creation of a single internal market, higher labor productivity, and a rise in living standards in these countries.

Talcott Parsons,¹⁶ the founder of structural functionalism, also outlined a concept of integration that includes two key elements: internal compatibility of the elements of the integration system and maintenance of the conditions of the distinctiveness of the system within its boundaries as something separate from its external environment.

¹⁶ See: T. Parsons, *The System of Modern Societies*, Englewood Cliffs, NJ, Prentice-Hall, 1971, 152 pp.

There are many definitions of the essence of economic integration, its types, models, and stages, as well as the sequence of the process itself. This is primarily because economics is a priority area of cooperation in many regional organizations. There is a complex and contradictory relationship between international economic integration and the globalization process. In broad outline, some researchers cite the definition given by Yuri Shishkov, who characterizes the relationship between the two phenomena: whereas globalization is a new quality of internationalization at the stage of its maximum possible development in breadth, integration is the highest stage of its development in depth.¹⁷

Back in the 1960s, the Hungarian economist Béla Balassa¹⁸ identified five stages of economic integration: free trade area, customs union, common market, economic and monetary union, and full economic union. However, a number of researchers disagree with this sequence of stages, sometimes adding other stages. While recognizing the existence of a free trade area, customs union, and common market, some researchers believe that the stage of a free trade area should be preceded by a preferential trade area and that the establishment of a common market is followed by the stage of an economic union and then a monetary and political union.¹⁹ According to this theory, economic union is the highest form of economic integration, which includes harmonization of the entire economy of the regional association's member countries, including the production sector, the introduction of a common unit of account and then of a single currency, harmonization of social conditions in the region, and the pursuit of a single fiscal and foreign policy.²⁰

Regional integration of states, as noted above, is a process of convergence and interaction of national economies with the formation of regional economic unions. Underlying this process is the growing interdependence of national economic actors. A major goal is to eliminate national barriers to mutual trade and investment cooperation and to create a level playing field for economic actors in different countries. By coordinating, unifying, and harmonizing fiscal and monetary policy, the countries involved create a single economic space.

Direct international (production, scientific, technical, and technological) ties are an important component of the economic integration process, ensuring the successive integration of national economies. This is followed by the mutual adaptation of state economic, legal, fiscal, social, and other systems up to the point of a certain fusion of governance structures. The main purpose of integration is to increase the amount and widen the range of goods and services through improved economic efficiency.

The concept of integration itself includes a whole range of phenomena and processes taking place in the cultural, economic, military-political, scientific-technical, technological, and other areas of activity. At the micro level, integration occurs through the interaction of capitals as private firms and enterprises enter into economic agreements with each other and establish branches abroad. At the regional level, integration takes place in the form of cooperation between regional infrastructures and creation of economic zones. At the interstate level, it takes place through the formation of economic associations of states and coordination of national policies. This results in the creation of regional economic complexes with a single currency and infrastructure, common economic proportions, and common economic governance bodies.

The main prerequisites for regional integration are roughly equal levels of economic development, compatibility of economic mechanisms, and socio-economic and legal homogeneity. The key

¹⁷ See: Yu.V. Shishkov, *Integratsionnye protsessy na poroge XXI veka*, III Tsyacheletiy, Moscow, 2001, p. 17.

¹⁸ See: B. Balassa, *The Theory of Economic Integration*, London, 1962.

¹⁹ See: J.M. Biswano, *The Quest for Regional Integration in Africa, Latin America and Beyond in the Twenty First Century: Experience, Progress and Prospects*, Brasilia, 2011.

²⁰ See: G.M. Velyaminov, *Mezhdunarodnoe ekonomicheskoe pravo i protsess (Akademichesky kurs)*, Academic Course. Textbook, Moscow, 2004.

macroeconomic indicators—GDP per capita, GDP growth rate, GDP composition by sector, inflation, unemployment, and interest rates, labor productivity and wage levels—should not differ significantly. In the case of incompatible economic parameters, the countries involved will have to travel the path of creating comparable economic conditions. The conclusion of various preferential agreements between countries or between the integration grouping and a particular country ensure a more favorable and convenient regime for the participating countries than for third countries. Preferential agreements are seen as a preparatory stage for integration. Such agreements remain in effect until economic conditions in the less developed country become comparable to those in the more developed countries.

Another possible prerequisite is the complementarity of the economies of neighboring countries. It is primarily manifested in the diversity of the integrating countries' export structures. Countries that sell similar products find it very difficult to integrate.

Yet another prerequisite is provided by the geographical proximity of the integrating countries, the existence of common borders, and recognition of territorial integrity and existing borders. This factor helps to minimize transport costs.

The political will of the leaders who develop and implement the integration process at the state level may also be a major prerequisite.

Other prerequisites may include the so-called demonstration effect, when successful integration encourages other countries to join an economic bloc. This also applies to the domino effect: the more countries join an integration grouping and increase intra-regional trade, the greater the difficulties encountered by third countries that remain outside the grouping, which induces them to integrate.

For its part, integration can be both regional and global (worldwide). Global integration is based on the development of world production, the world market, and communications. Many well-known economists who support globalization say that international economic integration allows countries to gain the following advantages:

- integration provides broader access to resources (financial, material, labor, technological, etc.) on the scale of an entire region and makes it possible to produce goods for the market of all countries involved in the integration process;
- closer economic relations between countries create advantages for the firms of participating countries and protect them against competition from third-country firms;
- the member countries can join forces to solve pressing social problems;
- the deepening international division of labor (IDL) helps to reduce product prices and ensures economic efficiency;
- the common economic space expands, while competition between the enterprises of the integrating countries intensifies, stimulating production and enhancing its efficiency;
- a more stable situation for the development of mutual trade produces better results in the area of international trade policy;
- the participating countries have an opportunity to utilize the advantages of their national economies to expand the market for their products and support their producers;
- the expansion of the economic space provides conditions for attracting foreign investment;
- integration creates a favorable foreign policy environment, increasing not only economic, but also political, cultural, and other cooperation;
- countries overcome their “complexes” and limitations, turning into full and equal participants in the integration process.

Along with supporters of international integration as a synonym for globalism, there are also opponents of the international integration process in its present form. One of the most popular opponents of current international integration is the anti-globalization movement. "Anti-globalist" is an umbrella term for political forces that bring together various social groups, parties, and social movements. Their main purpose is to develop integration between economies, peoples, and cultures based on social justice and respect for the separate identity of ethnocultural communities. The movement opposes the policy of establishing a new world order as pursued by transnational (multinational) corporations and associations of major world powers. According to anti-globalists, only highly developed Western countries can enjoy the benefits of this process, while the rest of the world is doomed to lag behind. In their view, the Western countries' policy of market dictatorship leads to a decline in many national sectors of production and a destruction of traditional crafts, trades, and agricultural crops, undermining the food sovereignty of countries.

Nevertheless, as a result of globalization and international economic integration, we have a world of free trade in the economy and relative stability. It is believed that the number of wars and annexations has decreased significantly since 1945. According to economists, average customs tariffs between industrialized countries are below 3%, while in the 1960s, before a new round of international trade negotiations, they were 15%.²¹ Although the past ten years have seen a regression in some aspects of globalization, this is explained by the fact that globalization as a phenomenon is a complex process that requires adaptation and creates serious problems and difficulties. Most countries try to control or manage this process, but do not always succeed. One of the critics of the policy of globalism is Joseph Stiglitz, a prominent American economist, winner of the 2001 Nobel Prize in economics, and author of the book *Globalization and Its Discontents*, which has gained worldwide recognition. Many members of the Donald Trump administration obviously sought to roll back globalization. Trump openly denounced globalism and said that free trade was a way of robbing American industry. In addition, globalism poses other challenges for contemporary society, including those associated with spontaneous, uncontrolled migration, energy problems, international terrorism, and, of course, with the coronavirus pandemic, the plague of the 21st century. This is why globalization will remain a subject of the most heated debates of our time.

Nevertheless, some countries, unlike others, have been able to adapt to the high pace of global integration and open up their economy to investment and trade with the rest of the world. U.N. experts believe that the pursuit of an open-economy policy in countries such as Vietnam, India, China, and Uganda has significantly reduced the scale of poverty in these countries. The reforms in China have led to an unprecedented reduction in poverty. In the period from 1978 to 1989, the number of rural poor in the country, according to U.N. data, decreased from 250 million to 34 million.²²

It should be noted that the current Chinese understanding of integration is quite specific and concrete, without any ideological implications. In particular, economic integration is defined as a form of internationalization of economic life, an objective process of intertwining of national economies, and the pursuit of a coordinated interstate economic policy, although prior to the "policy of reform and opening-up" launched by Deng Xiaoping in 1978 the Chinese definition of integration also included an ideological and political component. The old definition referred to integration based on the similarity of social systems and made special note of the profound differences between capitalist and socialist integration in terms of socio-economic nature, forms, methods, and economic and political consequences.²³

²¹ See: I. Dyumulen, *Mezhdunarodnaia torgovlia. Tarifnoe i netarifnoe regulirovanie*, Textbook, Moscow, 2011, 516 pp.

²² [<https://www.un.org/ru/youthink/globalization.shtml>].

²³ See: *Filosofsky entsiklopedichesky slovar*, Sovetskaya entsiklopedia, Moscow, 1983, p. 210.

Taking a brief look at history, we can say that globalization and economic integration are not something unfamiliar to China. The days of the Tang dynasty (7th to 10th century CE), were an age of urbanization and development of maritime trade. For example, the Tang capital Chang'an turned into one of the largest cities of the time. By 742, its population was close to two million, and a census showed that there were also 5,000 foreigners (Turks, Iranians, Hindu Indians, and others) living in the city. Trade flourished and brought increasing numbers of foreigners, foreign religions, and foreign ideas to China. Although during the following Song dynasty (10th to 12th century) China was surrounded by hostile states and focused on domestic trade, it still remained the center of the Silk Road and its trade routes extended to the Pacific. Trade was carried on by a large fleet of merchant ships and was defended by an imperial naval force. Long-distance routes to the Middle East, India, and the coast of Africa were easily accessible. In that period, the government tightened control of foreign trade because of threats on the northern borders. A Bureau of Merchant Shipping was established to monitor the flow of goods in international trade and collect taxes from passing merchant ships. In addition, foreign trade became less focused on cultural exchanges and was instead seen as necessary for the growth of the Chinese economy.

The Modern Political System and the Stages of Socio-Economic Development in the People's Republic of China

In the 20th century, China's attempts to balance the economy and socio-political issues in its modern state system resembled the bitter experience of the Qing dynasty, whose rulers were caught between the need to open up China to foreigners with a view to modernizing the country and the need to maintain national identity. This dilemma continued during the establishment of the Republic of China (1912-1949) and continues to this day.

After the death of Mao Zedong in 1976, a new era began in the history of China. Deng Xiaoping, who became the leader of the party and the state in the late 1970s, described the reforms launched in the country as China's "second revolution" after 1949, but a revolution in the sense of a "revolutionary renewal of socialism on its own basis through self-improvement" rather than one designed to break the old superstructure or directed against any social class. The "Four Modernizations" policy, adopted in the mid-1970s was aimed at reforming four areas: agriculture, industry, defense, and science and technology. Whereas the Four Modernizations reflected the material content of the reform, the ideological and political line was based on "Four Cardinal Principles": upholding the socialist path, the people's democratic dictatorship, the leadership of the Communist Party of China (CPC), and Marxism-Leninism and Mao Zedong Thought.²⁴ In June 1981, the 6th Plenary Session of the CPC Central Committee passed a Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China. It officially denounced Mao Zedong's personality cult, the "great leap forward" policy, the "cultural revolution," and the terrorist methods used in the country at that time. However, the Plenary Session noted Mao Zedong's services to the Party and the people and stated that "his merits are primary and his errors secondary."

Talks on settling relations with the USSR began at Deng Xiaoping's initiative. In the mid-1980s, the Chinese leadership developed the concept of a multipolar world where China was to have a proper place as a center of power not only in Asia, but also in the whole world. In his later years,

²⁴ See: L.P. Delyusin, *Kitai v poiskakh putei razvitiia*, Moscow State University (MSU) and MSU Institute of Asian and African Studies, Muravei Publishers, Moscow, 2004, 448 pp.

Deng retired from senior positions. Nevertheless, he was officially recognized as “the architect of China’s reforms.”

Democratic tendencies in Chinese society gradually increased, manifesting themselves in demands for the liberalization of the socialist political system. Following the events connected with the 1989 student protests, Jiang Zemin was elected President of the PRC as an advocate of a tougher line in domestic policy. Deng Xiaoping saw him as his real successor and gradually transferred to him all the levers of power over the party and the state. Chinese official propaganda explicitly emphasizes the outstanding role of Mao Zedong as the founder of the People’s Republic of China, Deng Xiaoping as the chief ideologist of economic reforms, and Jiang Zemin as a true successor to the greatest achievements of Chinese society during the construction of “socialism with Chinese characteristics.”

In our opinion, Jiang Zemin’s thirteen years in office as party leader and head of state will go down in Chinese history as “a period in which China’s overall national strength has risen by a big margin, the people have received more tangible benefits than ever before, and China has enjoyed long-term social stability and solidarity and had a good government and a united people.”²⁵

The breakup of the USSR and the confusion in the post-Soviet space removed the threat from the north and allowed China to strengthen its position in the Central Asian region.

As China states in its foreign policy doctrine, the emergence of “Greater China” under the new world order refers to economic unity cemented by common ethnicity. China wants to define and assert its place in the international arena, ensure maximum security for the country, and create favorable conditions for its development, primarily by securing the role of informal leader in the region.²⁶ The well-known Chinese political weekly *Liaowang* wrote in 2000 why Chinese foreign policy had to focus on neighboring border countries. First of all, the article noted, China’s interests were mainly concentrated in bordering regions. In the economic sphere, 56% of China’s export and import activities were concentrated in neighboring countries, with Southeast Asia accounting for 53.6% of the total.²⁷

In November 2002, Jiang Zemin stepped down as general secretary of the CPC Central committee, and Hu Jintao was elected to the post. At a session of the National People’s Congress in March 2003, Hu Jintao was elected president of the PRC. The Congress also approved the appointment of Wen Jiabao as premier of the State Council of the PRC. One of the priorities in the domestic policy of the new leadership was the implementation of a strategy for the large-scale development of western China. The question about the importance of the western regions had been raised repeatedly in Chinese history. A policy aimed at developing China’s western regions was first officially announced at the 4th Plenary Session of the 15th CPC Central Committee on 22 September, 1999. The program for the development of these regions was primarily designed to close the gap with the coastal provinces. This was to be achieved through massive government investments, deeper market reforms, and involvement of the western regions in the pursuit of an open foreign economic policy. According to the list of regions included in the Great Development of the West (Go West) concept, their area is 6.79 million sq km, or 70.7% of Chinese territory, and their population is around 500 million.²⁸ Another important point here is that these regions are mainly inhabited by non-Han peoples and that most of them are border regions. Each of these regions and all of them together are rich in natural resources, which are very important for the Chinese economy. Priority attention was given to the development of energy production, the chemical industry, mineral mining and processing, and the processing of specific plant and animal products so as to enable these resource-rich regions to gain economic ben-

²⁵ *Jiang Zemin’s Report at the 16th Party Congress*, 8 November, 2002, available at [https://www.fmprc.gov.cn/mfa_eng/topics_665678/3698_665962/t18872.shtml].

²⁶ See: *PRC Foreign Policy Doctrine in the 21st Century*, 29 July, 2005, available in Russian at [<https://www.caravan.kz/articles/vneshnepoliticheskaya-doktrina-knr-v-xxi-veke-376211/>].

²⁷ See: Chinese political weekly *Liaowang*, 28 September, 2000.

²⁸ See: *Ibidem*.

efits from their natural resources. Since all these factors create conditions for ensuring national security, the Chinese leadership naturally had to take them into account.

In the opinion of Kazakhstan experts, it was quite obvious that China's Go West policy would also have an impact on neighboring states. The main question for us is the nature of this impact and its effect on the security of the Central Asian region in general and the Republic of Kazakhstan in particular.

The arrival of the fifth generation of Chinese leaders led by Xi Jinping marked a new stage in China's development. The key feature of this stage is the transition from short-term (five-year) planning to long-term, strategic planning for decades ahead. Under a long-term plan known as the "Chinese Dream," Xi Jinping has carried out a number of reforms directly related to China's political system. At the latest, 19th National Congress of the Communist Party of China in October 2017, there was an expected reshuffle of the CPC Central Committee, its Politburo, the Politburo Standing Committee, the Central Commission for Discipline Inspection of the CPC, and the Central Military Commission of the CPC. As expected, Xi was re-elected to the post of general secretary of the CPC Central Committee, but the main thing, in the view of experts, is that he significantly consolidated his power at that congress, securing the appointment of his loyal followers to key positions. For the first time in many years, there was no mention of a successor. Political analysts believe that Xi Jinping plans to remain the party leader even after the next congress of the Communist Party of China in 2022. All of this has been widely discussed among political experts, who differ in their assessments of the consequences of such a move: some say that it is important for the continuation of the reforms launched by Xi, while others warn that the country is moving towards dictatorship. In our opinion, this decision has been taken not because of Xi's personal desire to strengthen his power, but because of the global political situation in general and the figure of the general secretary himself in particular, since he has credibility in the eyes of the Chinese people and enjoys massive support in the country, particularly owing to his active fight against corruption.

The second-highest position in the state according to the Chinese order of precedence is held by Li Keqiang, Premier of the PRC State Council, who was re-elected for a second term in office by the 19th Congress of the CPC in 2017. Li Zhanshu, Director of the General Office of the CPC Central Committee in 2012-2017, ranks third in the party hierarchy. In the 1980s, he was a CPC functionary and worked together with Xi Jinping, which is why there is every reason to regard him as one of Xi's personal appointees. Wang Yang, Vice Premier of the State Council of the PRC, who ranks fourth in terms of influence in the political field, is an associate of the previous Chinese leader Hu Jintao and, as a member of the "second Youth League faction," naturally cannot be included among Xi's "cronies." The same applies to Han Zheng, First Vice Premier of the PRC, who is a representative of the "Shanghai" elites opposed to Xi. The fifth-ranking man in the party is Wang Huning, former head of the Central Policy Research Office (an institution responsible for the CPC's ideology), who is a supporter of Xi Jinping. He has long been the leading party theorist and is believed to be the actual author of Jiang Zemin's "Three Represents," Hu Jintao's "Scientific Development Concept," and even some parts of "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era," incorporated into the Constitution of the Communist Party of China at its 19th Congress. Zhao Leji, head of the Central Commission for Discipline Inspection of the CPC, is sixth on the list of Chinese leaders. He is in charge of the fight against corruption, taking over that post from Xi's closest associate Wang Qishan upon his retirement. Considering that Zhao entered the Politburo in 2012, at the same time as the general secretary, and comes from Xi's home province, he is well placed to act as a liaison between the Chinese leader and a very powerful tool of influence: the Central Commission for Discipline Inspection with thousands of operatives.²⁹

In the view of experts, the new Constitution of the CPC defines the fundamental goal of modern China's foreign policy: building a community with a shared future for mankind and promoting reform

²⁹ See: "Itogi XIX s'ezda KPK: epokhalnaia voina elit Kitaia," 29 October, 2017, available at [<https://regnum.ru/news/polit/2339533.html>].

and development of the global governance system. According to a resolution adopted by the 19th Congress of the CPC that outlined a plan for the years ahead, China will keep to the path of peaceful development in its foreign policy and continue to foster a new type of international relations based on “mutual respect, fairness, justice, and win-win cooperation.”³⁰

As an outcome of the Congress, the Communist Party of China pledged to continue its commitment to building a Xiaokang society, which means a “basically well-off” or “moderately prosperous” society. Beijing plans to achieve this goal not through extensive development of existing sectors of the economy, but by promoting new technologies. The construction of this society is to be completed in 2021. That is why the main task set by the Congress is to build a modernized innovation-driven economy with a significant green component. An environmental initiative known as “Beautiful China” has been launched for this purpose. High-technology sectors already account for 55% of economic growth in China. As noted at the Congress, China will become a modernized and innovative country by 2035 and “a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful by the middle of the century.”³¹

The WTO and China: The Trade War and the Current Situation

In 1989, China’s population became the largest in the world, although its GDP was only the ninth-largest.³² Today, 30 years later, despite all the difficulties, China is the world’s largest economy, having surpassed the United States. This significant economic development has been achieved at the expense of an appalling increase in carbon emissions and a worsening of the overall environmental situation in the country. As a result of the one-child policy pursued until recently by the Chinese government and a steady rise in wages in the past few decades, the country lost its competitive advantages as a supplier of cheap labor. Considering the relatively low labor productivity in Chinese industry, the loss was quite significant. In order to maintain industrial and export growth, China was obliged to engage in restructuring its economy. The government announced a transition to a “new normal” (Xin Chang Tai, a concept meaning a new state of normality in economic development), focusing, among other things, on the development of advanced manufacturing technologies. A national plan called “Made in China 2025” provides for a shift from scale and rapid growth to quality and efficiency, for the development of modern competitive clusters and Chinese brands.³³

Let us note that a crucial stage in China’s integration into the global economy was its accession to the WTO in 2001, after 15 years of intensive negotiations. Since then, China’s GDP has increased more than ten-fold: from \$1.34 trillion in 2001 to \$14.4 trillion in 2019. After joining, China carried out reforms in accordance with WTO rules and international norms and standards, says Tu Xinquan, Executive Dean of the China Institute for WTO Studies at the University of International Business and Economics (UIBE) in Beijing. In the summer of 2018, the State Council Information Office of China published a White Paper titled “China and the World Trade Organization.” It says that the country “has made continued efforts to improve its socialist market economy system, further align its policies with

³⁰ “V Pekine zaiavili, chto namereny priderzhivatsia mirnogo puti razvitiia,” 24 October, 2017, available at [https://forbes.kz/news/2017/10/24/newsid_157698].

³¹ *Xi Jinping’s Report at the 19th National Congress of the CPC*, 18 October, 2017, available at [http://www.china.org.cn/china/19th_cpc_congress/node_7252339.htm].

³² See: *China Statistical Yearbook 1989*, State Statistical Bureau of the People’s Republic of China, ABC-CLIO, LLC, 1990, 840 pp.

³³ See: Zhu Jianhong, “Kitaiskaia ekonomika perekhodit ot zamedleniia k povysheniiu kachestva,” *Renmin Ribao* (People’s Daily), 4 March, 2017, available at [<http://russian.people.com.cn/n3/2017/0304/c31518-9185668.html>].

multilateral trade rules in all areas, honor its commitments on opening trade in goods and services, and strengthen intellectual property rights (IPR) protection.” After accession, China reviewed and revised 2,300 laws, regulations, and departmental rules at central government level and 190,000 policies and regulations at sub-central government levels covering trade, investment, protection of intellectual property rights, etc. By 2010, China had fulfilled all its tariff reduction commitments, reducing the average tariff level from 15.3% in 2001 to 9.8%. The average tariff rate on manufactured goods was lowered from 14.8% to 8.9%, and the average tariff rate on agricultural products from 23.2% to 15.2%, which is about one-fourth of the global average and far lower than those of the WTO’s developing members (56%) and developed members (39%).³⁴ In addition, China has done a great deal to reduce non-tariff barriers: by 2005, it had eliminated import quotas, import licenses, specific import tendering requirements, and other non-tariff measures with regard to 424 items, such as automobiles, machinery, electronic products, and natural rubber. It has also opened up the domestic services market. According to the White Paper, “By 2007, China had honored all of its commitments on trade in services.”³⁵

China has lowered the threshold for foreign investment in the services sector. In 2010, foreign direct investment (FDI) flowing into China’s services industry exceeded the flow into manufacturing for the first time. In 2017, FDI in the services industry made up 73% of total FDI in China. Overall, FDI inflows increased from \$46.88 billion in 2001 to \$136.2 billion in 2017.³⁶ According to the report of the U.S. Chamber of Commerce in China for 2019, China remains a top priority for all sectors from the perspective of global investment plans for the coming years. These plans were thwarted by the long-lasting trade war that began when the administration led by Donald Trump came to office in the United States. Trade between the two countries, according to China’s Customs Administration, was \$541.22 billion in 2019, down 14.6% from 2018.³⁷

In any case, the trade war with the United States and the fight against the COVID-19 have had a very negative effect on China’s foreign trade. The two-month lockdown in early 2020 led to a decline in production, while imports increased sharply. As a result, for the first time in many years China posted a trade deficit for the two months in the amount of \$7.1 billion.³⁸ Of course, the Chinese economy has suffered huge losses, but the government’s effective and timely measures have saved the lives of many ordinary citizens.

In our opinion, China took the right decision. Its economic development model keeps evolving, ensuring continuity in policy and in the very transformation of political power. Naturally, success will depend on the process of recovery of the country’s economy and the health of its population, but this process can be easily disrupted by ideological and geopolitical rivalry with the United States.

If the two countries find the right balance, they will not only avoid a global trade war, but will also raise bilateral relations to a new level.

Conclusion

This study has investigated the theoretical and methodological foundations of globalization and the evolution of China’s political system, shown the role and place of China in current international

³⁴ [<https://rg.ru/2019/09/29/vstuplenie-kitaia-v-vto-stalo-faktorom-mirovogo-ekonomicheskogo-rosta.html>].

³⁵ *Ibidem*.

³⁶ See: White Paper “China and the World Trade Organization,” available at [http://english.scio.gov.cn/2018-06/28/content_53822671.htm].

³⁷ See: “Coverage of Major Imports & Exports,” available at [<http://english.customs.gov.cn/Statistics/Statistics?ColumnId=6>].

³⁸ See: “Perspektivy kitaiskogo eksporta ostaiusia mrachnymi,” 14 April, 2020, available at [https://1prime.ru/state_regulation/20200414/831261715.html].

relations, and identified the main trends in China's economic policy in the context of its accession to the WTO.

An analysis of these problems, of new theoretical and methodological approaches and current research literature, and the dynamics of globalization suggests the following conclusions:

- the interdependence of globalization processes and modernization of the political system are determined by geo-economic and geopolitical factors, threats, and challenges to economic security;
- different statements about China's economic expansion are warranted because the Chinese economy has a global character;
- as globalization spreads and economic growth in China continues, economic processes will undergo structural changes.

The problem is not how to prevent an increase in China's economic might, but how to regulate this process. The key purpose of such regulation should be the modernization of one's own political and economic system along the following lines:

- protection of the national economy from an unwanted influx of Chinese migrants, both in terms of numbers and quality;
- solution of the most pressing problems in the field of employment in the country through the diversification of the economy;
- rational use of Chinese investment in the interest of the economy;
- legal opportunities to reduce population pressure from China, transparency and control of the local labor market for foreign specialists, etc.;
- efficiency and modernization of the economic system in the conditions of globalization.

The rising China factor in a globalizing world can often lead to immeasurable economic, social, and political costs both for Kazakhstan and for China's neighboring countries in Central Asia and the Russian Federation. In any discussion of globalization processes and the China factor, it is necessary to take into account a whole range of issues. Since this question is an international one, the isolated development of a national strategy is unlikely to produce good results. Thus, interstate cooperation is a must for the development of globalization processes.