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Inaugural Issue – *Changing China*

Foreword – Changing Chinese Political Economy and Strategic Relations: An Update (pp. 1-6)

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(editorial, no abstract)

Beijing Replaces Washington’s Dominant Position in Latin America: Meet the New Boss. Same as the Old Boss? (pp. 9-36)

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Abstract

Ceteris paribus, 2015 onward should be the years of China’s consolidation of its presence in the Southern Hemisphere, particularly in the commodity-exporting MERCOSUR countries. The South American integration process became obsolete and irrelevant. China has gained dominant position in all Southern Cone economies. Domestic policy mistakes will strain China-Latin American relations over time. Latin nationalism and populism politics will resurface. This time against China. The reality is that, in this new century, China is not the problem but rather the only solution for Latin America.

Keywords: *China-Latin America relations, MERCOSUR, ideology, populism*

JEL classification: *F15, F40, F52, F59*

Sino-Pakistan Relations and the Challenges of Post-Cold War Era
(pp. 37-50)

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Abstract

China has emerged as the world's second largest economy, and the largest exporter of goods with 9.6 per cent of the global share. Moreover, the last two decades have seen China emerging as an international and regional power of the 21st century. Thus, in order to continue with the economic benefits, China wants peace and stability as well as to play an active role on international and regional fronts. On the other hand, Pakistan, the world's sixth most populous country, is a major power of South Asia. While having a developed infrastructure and vibrant political and security institutions, Pakistan is nevertheless currently facing many challenges on the economic front, including political instability and religious extremism. This paper is an attempt to analyze the challenges faced by both China and Pakistan in the post-Cold War era.

Keywords: *China, Pakistan, South Asia, religious extremism, terrorism, Xinjiang, Taliban, "war against terrorism", regional approach*

JEL classification: *F51, F52, F59, H12*

Rural China in Transition: Changes and Transformations in China's Agriculture and Rural Sector (pp. 51-74)

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Abstract

Agribusiness companies operating in China are transacting in various forms with small agricultural producers, and in doing so, transforming the household-based agriculture in rural China. We argue that the presence of these distinct forms and the diverging relations between agribusiness and producers show the central importance of China's collective land rights. China's unique system of land rights – featuring collective ownership but individualized usage rights – has acted as a powerful force in shaping interactions between agribusiness and direct producers. It provides farmers a source of economic income as well as political bargaining power – albeit to various degrees – and restricts corporate actors from dispossessing farmers of their land. Because agribusinesses are able to work with small-scale producers in order to produce the high-scale production they

need, we argue that Chinese leaders do not need to scale up land holdings in order to modernize agriculture. If China continues to provide land-use rights, China's small-scale producers can benefit from this modernization in unanticipated ways.

Keywords: rural reform, agriculture, China

JEL classification: Q12, Q15, Q34, R52

Chinese Transformation Policies for 2015 and Beyond: *Quo Vadis?*

(pp. 75-121)

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Abstract

The year 1949 witnessed the founding of modern China under the leadership of Mao Zedong and the Communists. The nation was unified after a century of humiliation at the hands of the Western powers and after being divided amongst warlords, Communists and Nationalists. Mao began to develop a Chinese version of Communism while implementing key tenets of Marxist theory. These actions included the nationalization of land and property in order to impose collectivization. These policies failed and towards the end of Mao's reign private property was being allowed in small amounts. Deng Xiaoping was the successor to Mao. He pursued a more pragmatic policy in regard to the economy. Special economic zones were created in order to attract foreign investment. When they proved a success, they were extended to the whole country. Profits were allowed in order to motivate people by serving as an incentive for hard work. The country enjoyed success in reforming and opening itself under Deng. The economy was not entirely market-driven but was still planned in order to limit instability in the economic cycle. This hybrid system was the foundation to which China owes its economic success. By 2010, China was home to over 20 per cent of the world's industrial production. The nation had successfully become a strong trading and manufacturing nation and is now striving to become a leading banking nation. Politically, China has a state-managed political system by which the Communist Party holds power. This authoritarianism was beneficial in facilitating the development of the nation but it also had some drawbacks. These drawbacks include widespread corruption, nepotism, and the concentration of wealth widening the gaps between the haves and have-nots. Societal unrest is always a fear of Chinese leaders and in recent years there has been an upsurge in the number of protests. The vast majority of people have no way of expressing themselves in the current system meaning that protests are there only means of expressing their dissatisfaction. The pro-democracy movement of 1989 was crushed by the army and the next two leaders of China pursued economic growth while keeping the status quo in the political system. The current president of China, Xi Jinping, has established a ten-year plan for China which will continue to develop the nation, while setting a new direction and fighting corruption.

Xi, being new blood in the system, is believed by many to have the potential to successfully carry out reforms in China and consolidate its position as a leader in the world.

Keywords: *modern China, Mao Zedong, Deng Xiaoping, Jiang Zemin, Xi Jinping, socialist-market system*

JEL classification: *F59, H11, N35, O11*

Book Review (pp. 125-129)

Biwu Zhang, *Chinese Perceptions of the U.S.: An Exploration of China's Foreign Policy Motivations*, Lanham, Maryland: Lexington Books, 2012, 266 pp. + xvi

reviewed by

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