On 23 April 2012, Dr Liming Wang, Director of the Confucius Institute for Ireland, delivered a keynote address to launch the book, “Rising China in the Changing World Economy”.

Dr Wang underlined the importance of understanding China’s history in order to properly understand its current position, the problems it faces and the country’s prospects for the future. Looking at a history of China’s GDP, expressed as a percentage of world GDP, he stated that China contributed nearly a third of world GDP a thousand years ago. This pattern was sustained up until the early nineteenth century, when China’s share of world GDP began to fall until 1970. In this context, the extraordinary economic growth in China over the last three decades could be viewed as a restoration of China’s share of world GDP to previous levels. Today, the Chinese economy is ranked as the second largest economy in the world in terms of GDP. However, it is ranked 92nd in terms of GDP per capita. As such, Dr Wang characterized China as the “world’s first poor superpower in history”. Nonetheless, he expressed that China is still considered to be the engine behind world growth, contributing to approximately 23% of World GDP growth in 2010.

Still, China faces three key problems, according to Dr Wang. First, there are structural problems associated with a high share of fixed asset investment and a low percentage of consumption in GDP. Second, China faces a potential ‘property bubble’. Third, there is the issue of the sustainability of the Chinese growth model. In Dr Wang’s opinion, China needs to address environmental concerns, address rising inequality and reduce its dependency on exports. Other challenges included in his address were; constraints on natural resources, an ageing problem which has evolved from the implementation of the one child policy at the end of the 1970’s, limitations of public resources, unemployment, income disparities and political reform. Due to China’s prominent position as a driver of world growth, outlined above, these challenges raise both global and local concerns, Dr Wang added.

Dr Wang also discussed how the success of the Chinese economy presents a challenge to conventional wisdom in the West regarding the critical role played by property rights protection, an independent legal system and a democratic system of checks and balances in sustaining long-term growth. He continued to outline some of the distinct features of the Chinese system, such as the combination of the invisible hand of the market and the ‘visible’ hand of the government and the strong
role played by state owned enterprises.

Speaking on prospects for the Chinese economy, Dr Wang referenced IMF forecasts that China will surpass the US in real terms by as early as 2016. He also highlighted the report “China 2030”, a major report published by the World Bank in cooperation the Development Research Center of the State Council of the People’s Republic of China. The report aims to develop a long-term strategy for China that extends until 2030 and predicts that growth in the Chinese economy will outstrip that in the US, even comparing worst-case estimates of China’s growth with best-case estimates of US growth.