China 2030: a Chinese century or the „kingdoms" at war

Remus RACOLȚA
Faculty of Finance, Insurance, Banking and Stock Exchange, Bucharest University of Economic Studies
Costinel ANUȚA
PhD. candidate, Doctoral School of Sociology, University of Bucharest
remusracolta@yahoo.com

Abstract

Often, academics make a bold claim that the future is expected to somehow parallel with the recent past. Predicting the future is, though, obviously impossible. This paper aims to take a look into the future and see how China, a unique development success story until now, will look in 2030, using scenario building. The process of building future scenarios is based on two main drivers (i) the Chinese economy and (ii) US-China relations, integrated with different combinations of assumptions, trends and other internal or external drivers shaping a country's ethos. The dilemma comes from the possibility of China becoming the world's number one economic superpower and challenging US hegemony. How would the future look like under such coordinates?

Keywords: China 2030, scenario building, global turn, Chinese economy, US-China relations.

Introduction

After decades of isolation from the Western influences and after internal struggles and traumatizing political experiments[1], China seems to have discovered a magical formula and, at the same time, to have found again its interest of stepping in the international arena.

While China's economic and political power is on the rise, experts are thinking at the ways the Chinese emergence will mould the current international order, the dilemmas starting from a China challenging the

[1] See details in Robert Sutter, *Chinese Foreign Relations. Power and Policy since the Cold War*, Rowman & Littlefield Publishers, New York, 2009, pp.69-110.

American hegemony and a potential transition from unipolarity toward a new type of bipolarity or even toward a Chinese international order[2].

Given the uncertainty regarding the way Beijing will relate to the world, the most apropriate method for scaning China's future would be the scenarios. Even though this is not an entirely new approach, the scenarios provide enough flexibility in order to identify coherent landmarks regarding China's evolution for the next two decades.

Scanning the future of China – studies and scenarios

There are a large number of studies exploring the future of China toward the 2020s or 2030s. Each of these is building scenarios based on relatively similar sets of drivers, most of them being related to China's internal development.

The Center for Global Affairs from New York University projects three scenarios for China in 2020. The first scenario envisions the fragmentation of the Chinese Communist Party (CCP) given the actions of a wide range of actors (for instance, provincial leaders cooperating with the local commanders of the armed forces deployed within their provinces) chipping away CCP legitimacy. On the contrary, the second scenario imagines a powerful China in 2020, led by a profoundly autocratic CCP, which extensively uses technology to control the society. Finally, the third scenario is built on a middle approach - "partial" democracy, where CCP moulds the political and economic agenda of the state pending on the popular requirements for opening and involvement in the government actions. The list of drivers used by CGA is extensive and includes the economic policy (fiscal, exchange rate, etc.), as well as the energy, the environment, social inequality, the minorities, the demography, the Internet, the political changes or the external actors.[3]

Another study carried out by the National Intelligence Council, widely known globally, is envisaging also the future of China across four extensive scenarios, focused actually on the US evolution toward 2030. The four scenarios are continuing to a certain extent CGA projections, describing either a nationalistic China, whose authority is fragmented by corruption

[2] David Scott, *The Chinese Century? The Challenge to Global Order*, Palgrave Macmillan, London, 2008, p.7.

[3]The Center for Global Affairs of the New York University, *China 2020*, no. 3, Winter 2009, www.cgascenarios.wordpress.com.

and economic stagnation (*Stalled Engines*, *Gini Out-of-the-Bottle* and *Nonstate World*), or a powerful China, whose soft power allows an active involvement both regionally and globally (Fusion). *Global Trends 2030* uses a larger number of types of drivers – megatrends (such as the diffusion of power or the demographic shifts) and game changers (such as an increasing potential for conflict or the impact of the new technologies).[4]

The present article starts from the premises that even though the internal setting is essential for scanning the future of China, there is a need to take also into account the way Beijing relates to the significant international actors. At the same time, it is worth mentioning that for scenario building in this case we use the Alternative Scenarios method as described by Richards Heuer and Randolph Pherson while studying the structured analytic techniques[5].

Therefore, in order to create the framework needed for scenario building regarding the future of Beijing, we will take into account two key drivers - China's economy and its relation to the US - as well as the values these two drivers could get for the future. As part of this logic, the economic power might increase or decrease and the relation to the US could evolve toward cooperation or degenerate to conflict. Combining the above-mentioned extreme values, we obtained four possible scenarios.

Of course, we cannot reduce scenario building to these two key drivers. The international order as well as the national interests and the political, economic, social and military developments in the two countries are offering the real overall picture and a certain amount of vision or perspective in the scenario building process. The correlation of each scenario to the other data regarding the studied issue is fostering analysis' complexity. Consequently, in the scenario building process we will take into account other significant drivers influencing the future of China toward 2030, alongside the two above-mentioned key drivers.

The future of China – internal versus external drivers

China – economic model or Marxist deception?

The Chinese economy`s dimension, whose unprecedented increase amazed and still amazes the world is the main argument for China's

[4] National Intelligence Council, *Global Trends 2030: Alternative Worlds*, December 2012.

[5] Heuer, Richards, Pherson, Randolph, *Structured Analytic Techniques for Intelligence Analysis*, Washington, D.C., CQ Press, 2011, pp. 119-143.

diplomacy in building and consolidating a new role for Beijing in the international arena.

The Chinese economic miracle started with the reforms[6] implemented in 1979 by Deng Xiaoping, the then CCP leader, which were envisioning a partial liberalization of the market, the creation of "special economic areas"[7] and the orientation toward massive exports by exploiting the demographic potential leading to reduced labor costs. Deng Xiaoping's socialism with Chinese characteristics became a euphemism for what we are calling nowadays state controlled capitalism.

The opening toward the West and the direct foreign investments proved more than useful for Beijing. From 1979 until 2013, the medium economic growth of China's Gross Domestic Product (GDP) was of 9.8%, while the highest reduction of poverty rate was registered, with 440 millions of Chinese surpassing the poverty threshold. In 2013, the Chinese economy was 14 times larger than China's economy in 1976 and the GDP per capita increased ten times[8].

China is nowadays the second world economic power, according to the GDP, after the US, being the country with the fastest rate of growth amongst the emergent economies.[9] During the last years China became a real world production center, being the largest goods exporter and the second largest importer[10]. The combination between the Western know-how, the cheap labor and the international opening of the markets as part of globalization, proved to be the ingredients creating the Chinese recipe for economic success.

Such an intense development was however based on the rapid burn of stages, the exploitation of the working class generating certain differences between the rich and the poor, but also significant discrepancies between the Eastern China – urbanized, maritime, with favorable

[6] Barry Naughton, *The Chinese Economy: Transitions and Growth,* MIT Press, Cambridge (Massachusetts), 2007, pp.35-39.
[7] Justin Yifu Lin, *Economic Development and Transition: Thought, Strategy and Viability,* Cambridge University Press, Cambridge, 2009, p.56.
[8] For supplementary data, see the World bank reports, http://www.worldbank.org/en/country/china, IMF reports, http://www.imf.org/external/country/Chn/ or JP Morgan economic assessments, http://www.jpmorganam.com.hk /JFAM/en/download/mthfsh/p128.pdf.
[9] See details at http://data.worldbank.org/data-catalog/GDP-ranking-table.
[10] Idem.

geographic conditions and the western China – mostly rural, continental and dominated by ethnic and religious conflicts (Tibet and Xinjiang)[11].

The 2008 economic crisis also highlighted a certain number of weaknesses of the exports based model. The impact of the decrease in the external demand and implicitly of the internal production emphasized China's dependence on the economic state of its external partners (especially the US) and stressed the importance of economic diversification and of the sustainability for an increasing internal demand.

All these drivers, together with the changing international economic and geopolitical realities are underlining an urgent need of adaptation of the CCP policies to the new macroeconomic environment. The central issue in this case is not the sustainability of the economic mechanism, but its ability to absorb the shocks and to adapt to the new international shifts. Therefore, the dilemmas deriving from all the above-mentioned traits are not centered on the mechanism itself or on the battle between capitalism and socialism, but on a simple equation of economic Darwinism: the natural selection of the optimal economic model.

The US-China relation

The strategic dialogue between China and the US had contrasting features after the Cold War. There were a number of strained episodes and significant crises altogether with cooperative moments and complex economic developments. The interdependence between the two powers increased step by step during the last period, focusing mainly on the economic issues.

The complex dynamics in the South China Sea created a conflicting rhetoric between the two parties and fueled the diplomatic tensions in time. The common interests and the ambitions of the two international actors led to a relative polarization of the opinions. However, the contrasting political views, as well as the different visions on the international system made the US-China relation extremely complicated and with a particular evolution, difficult to manage both by Beijing as well as by Washington[12].

Since we are discussing a special relationship between two major international actors, an optimal level of understanding of the US-China

[11] Andreea Cristina Brînză, *China - între a fi şi nu fi prima putere economică a lumii*, available at http://geopolitics.ro/china-intre-a-fi-si-nu-a-fi-prima-putere-economica-a-lumii/

[12] Jeffrey Bader, *Obama and China's Rise: An Insider's Account of America's Asia Strategy*, Brookings Institution Press, New York, 2012, p.5.

relation requires an assessment of the historical premises leading to the construction and consolidation of their diplomatic affairs.

On 1st of October 1949, the Communist leader Mao Zedong created the Popular Republic of China, after winning the war against the Chinese nationalists led by Chiang Kai-shek. Chiang and his supporters left to Taiwan. The US - which supported the nationalist forces during the Japanese invasion of the Second World War - provided support also to the government in exile, called The Republic of China (Taiwan) with the headquarters at Taipei. Both entities claimed the other's territory and international recognition. US support for Taiwan was the starting point for a US-China conflicting relationship, leading to the freezing of the diplomatic affairs between the two countries for a few decades.

The rapprochement or the reconciliation between China and the US started in July 1971, when the Secretary of State Henry Kissinger traveled in secret to the Popular Republic of China. Afterward, President Richard Nixon visited China in February 1972 and met Mao Zedong. During this meeting a common declaration is signed with the then Prime Minister Zhou Enlai, known as the Shanghai Communiqué[13]. This declaration is viewed as the angular stone of the relations between of the two states after 1949.

Following a sinusoidal trend, the normalization of the US-China relation entered into a blind area after the 1989 events, which led to the fall of the Communist regimes in most of the countries in the world. The reverberations of these geopolitical movements, as well as the appetite for change and opening toward the democratic values were found among the Chinese youth at that time. They gathered in the Tiananmen Square in Beijing for protesting against the CCP. The Communist leaders decided to use force for stopping the rebellion, resulting in bloodshed, a moment known as the Tiananmen massacre.

This episode was harshly criticized by the international community (especially by the US) leading to a new low in the US-China relation. However, the mutual economic interests, as well as the externalization of production and the cheap Chinese labor consolidated the commercial relation between the US and China starting with 2000.

This complex interdependence surmounted all the past misunderstandings and convinced both actors to reconsider their positions. The advantages of cooperation were more than obvious for the Chinese

[13] The document can be read at http://www.china.org.cn/english/china-us/26012.htm

part. The surpassing of Japan as the second superpower in terms of GDP in 2010, as well as the extraordinary potential and the signs that the Chinese economy will continue to grow significantly in the following years led to political rumor in Washington and convinced the US to rethink its priorities.

This situation became more visible with the reorientation of the US foreign policy from the Middle East toward Asia-Pacific, starting with November 2011. In this way, the main foreign policy goal of the US became the management of its relation with China and of the regional issues.

Other drivers - from the internal PEST[14] to the external relations' network

Alongside the Chinese economy and the US-China relation, there are a number of other drivers which can be used in scenario building with regard to China's evolution toward 2030, both internal - such as the political system, the social transformations or the technological development - as well as external, taking into account Beijing's foreign policy actions.

While the political system is related to the institutional actors having the capacity to influence decisions and to adopt courses of action (such as the State Council or the Chinese army), as well as to the interaction between them, the social issues are covering the disparities generated by the poverty, the demographic boom or the gender imbalance.

The technological development has a particular role since the access (legal or not) to new technologies on the one hand consolidated China's offensive capacity with regard to conventional or unconventional (cyber) military capabilities and, on the other hand, allowed the creation of resistance movements at different social layers. Moreover, CCP's future depends on the way the party will manage the technological development.

At the same time, aside from the US-China relation, it is worth mentioning Beijing's positions as part of the international organizations where China is a member, as well as its relations with the regional key actors - Russia, India and Japan - or the use of non formal organizations, such as BRICS. Nevertheless, the global economic crisis allowed China to consolidate its stance compared to other globally relevant actors, such as the EU.

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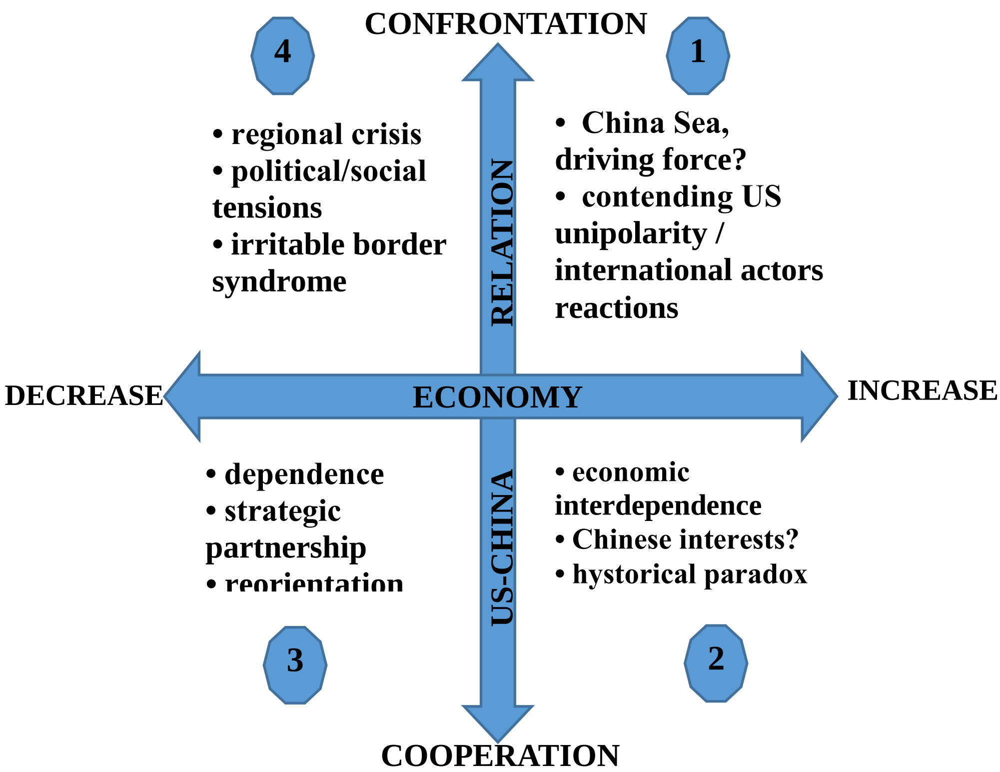
[14] Acronym describing a method of analysis using the political, economic, social and technological drivers.



China in 2030 – conflict vs cooperation

Due the fact that 2 out of the 4 scenarios are, at this moment, not so likely to happen for China in 2030, we've chosen to talk about the future events that would be shaped by a growing economy.

SCENARIO 1. Chinese challenge to American supremacy

The very simple fact of Chinese economic power – increasingly supported by military power – will lead to a particular degree of tension in the years that follow. The United States, as the regional hegemon in the Western Hempisphere, will try to prevent China from becoming the regional hegemon over much of the Eastern Hemisphere[15]. Uncertainty will, most likely, be driven by the wrangle over territorial disputes in the South China Sea.

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[15] John J. Mearsheimer, *Tragedia politicii de forţă, realismul ofensiv şi lupta pentru putere*, Antet, Bucharest, 2003, p.386.

At this moment, in Central-East Asia and West Pacific, we see China developing its naval capabilities in The East China and South China Seas. At the same time, Beijing is stronlgy involved in projects that seek harbor-building on the coast of the Indian Ocean[16]. This tendency will undoubtedly follow in the next years, the birth of political and economical turmoil in China beeing the only exponent for a different evolution. The Chinese economy, although heavily criticised and pesimistically forecasted by international analysts, continues to grow. This sustained growth is the main component for building the premises of a potential challenge of US supremacy. Quite a surprise for some, a reality foreseen by others, China has surpassed the US in terms of GDP based on purchasing power parity (PPP), becoming the largest in the world by this measure, as recent International Monetary Fund estimates show[17].

The uncertainty that I was talking about above would be inflamed by the fact that, across the securitized and defended Chinese border we'll find an entire stream of American warships, predominantly concentrated in Oceania, partnered with other warships from India, Japan or other US strategic allies that feel vulnerable in face of Chinese expansion and are forced to balance against it[18].

Given time, a Chinese water force could become less territorial. As Robert Kaplan stressed out, because of the particular geography of East Asia , the struggle between Beijing and Washington will remain more stable than that in the Cold War between the Soviet Union and the United States. That is because American maritime power during the Cold War was not enough to contain the Soviet Union, a significant land force in Europe also being required.

Keeping the same critical thinking, even given a slightly pro-Chinese Greater Korea, no such land force will ever be needed around the Rimland of Eurasia, an area in wich the US Navy will stand face to face with a weaker Chinese one [19] . Backed by its growing economy, China is using all

[16] Robert Kaplan, *Răzbunarea geografiei*, Litera, Bucharest, 2014, pp.272-289.
[17] Vezi http://rt.com/business/194264-china-surpass-us-gdp/
[18] Robert Sutter, *Chinese Foreign Relations.Power and Policy since the Cold War,* Rowman&Littlefield Publishers, New York, 2009, p.69-110.
[19] Robert Kaplan, *The geography of chinese power,* available at http://www.nytimes.com/ 2010/04/20 /opinion/20iht-edkaplan.html?_r=0.

forms of its national power—political, diplomatic, economic, military, and demographic—to virtually extend beyond its legal land and sea borders in order to reestablish the borders of imperial China at its historical high points[20]. Going even forward, China intents to deny access in its coastal seas. From here, we have the emergence of “the possibility that China may be closer than ever to mastering the ability to hit a moving target at sea, such as a US carrier, with a land-based missile,and may plan a strategically publicized test sometime in the future” [21]

Such an objective like access denial, without the Chinese army’s ability to protect its own sea lines of communication makes a possible strike on an American combatant (let alone war with the United States) futile and dangerously naive, since the U.S. Navy would maintain the ability to cut off Chinese energy supplies by deterring Chinese ships from entering in the Pacific and Indian oceans[22].

The future security environment in Asia will fundamentaly evolove towards a model of instability that will prove to be much more volatile than the one that emerged after World War II. As american unipolarity becomes less visible and Chinese economic and military strength is skyrocketing, multipolarity seeks to be the law-order in Asia 2030 power politics.

SCENARIO 2. Cooperation and Interdependence

The political realm in the region is as follows : the Chinese economy continues its sustained growth[23] and U.S.-China relations are a mix of intensifying cooperation and increasingly intertwined economies. The two main political actors build, in this way, a strong interdependency.

Where will such a arhitecture lead to? Could the sino-american relations evolve around cooperation and mutual benefits? The premises and variables of such a senarios are extremly sensitive and hard to unveil. Acording to some leading scholars, geographic configuration and economic interdependence are, though, the core elements that help draw such a scenario.

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[20] Robert Kaplan *Răzbunarea geografiei*, Litera, , Bucharest, 2014, p.299.
[21] *Ibidem*.
[22] *Ibidem*.
[23] See Xiaodung Zhu, *Uderstanding China’s Growth: Past, Present, Future*, available at http://pubs.aeaweb.org /doi/pdfplus/10.1257/jep.26.4.103.

Map configuration could, generally, shape future conflicts and the way in which the fight against forces leading in the opposite direction will take place[24]. Throughout history, Chinese strategic thinking was oriented to the interior of the continent, with only few and shy attempts do build a strong naval presence in the area. Chinese Heartland is exposed to a potential threat from Russia, in the north, Japan in the east, different nationalist factions in the west (Xinjiang) or other emergent powers (Thailand, India, Vietnam) in the south.

Analyzing the actual geographical display, it is clear that China is virtually surrounded from all parts and the biggest threat comes from continental power, especially India, China and Russia. American presence in the costal lines will become, consequently, not the top priority for the communist leaders in Beijing. Putting things in balance, China can't antagonize its U.S. partner because it would need American support or a silent neutrality in case of a conflict with India (or Russia) [25].

Whichever course of action China decides upon, it must be one that brings it into harmony with policies adopted by Washington, otherwise risking a domino effect that would finally lead to the breaking down of U.S.-China strategic partnership. The Chinese government is smart enough not to trigger a war on mutiple fronts, especially one that can't be won. [26]

Integrated and interdependent economies eventually give birth to strategic alliances. United States follows a laissez-faire economic model, seeking economic consolidation and stability on the long term. The Chinese economy has instead a unique pattern, a socialism with Chinese characteristics. China's economic boom has lasted for three decades will, acording to some scholars, end due to the inability of moving from an export-orientated driven economy to a self sustainable economic model, based on internal demand and consumption.

China has yet to reach an equal level of wealth and resource distribution among its citizens. Economic growth is unequally shared between social classes and this will eventualy lead to social fragmentation and strong social turmoil[27]. On the other hand, a transition from an export-

[24] Robert Kaplan, *Răzbunarea geografiei*, Litera, Bucharest 2014, p.296.

[25] Andrew Follet, *China and USA: Destined to cooperate?*, available at http://thediplomat.com/2014/06 /chI na-and-the-us-destined-to-cooperate/.

[26] Robert Kaplan, *The geography of chinese power*, available at la http://www.nytimes.com/2010/04/20 /opinion/20iht-edkaplan.html?_r=0.

[27] Andrew Follet, *China and USA: Destined to cooperate?*, available at la

oriented economy to the internal market would reduce the CCP's ability to exert its influence in international negotiaitons, absent the economic factor as a bargaining chip.

Both perspectives argue for on the hypotesis of sino-american cooperation and reduce the posibility of a conflict. Even tough economic estimates show that, by 2030, the Chinese economy would become the largest in the world, americans are perfectly aware that the US is the largest consumer for Chinese goods.

A deliberated decrease in demand for Chinese goods could be counterbalanced by the US economy's diversity in supply, while, for China, American exports are 40% of the GDP. Even if Beijing would try to build economic relations with other emerging markets (BRICS, Africa, Central America), export contractions from a mature economy like U.S. would be extremly hard to surpass.

The fundamental question that arises is not when China will become the world's economic power, surpassing USA, but whether the two actors could reduce their level of inderdependence[28]. Cooperation that derives from this aspect will become a key element of the future of sino-amerian relations. Both Beijing and Washington wish to build a strong and wealthy economy. Are they willing to work together and consolidate such a complementarity?

Conclusions

There are strong signs that China could become the economic center around which the future global order will be built. The very simple fact of Chinese economic power, increasingly supported by military power, will lead to a particular degree of tension in the years that follow. The United States, as the regional hegemon in the Western Hemisphere, will try to prevent China from becoming the regional hegemon over much of the Eastern Hemisphere.

The world, as we know it, has two main foreseeable futures (i) the American hold on the First Island Chain is beginning to weaken and (ii) China is flexing its muscles and acts both as an intimidator and attractor that can complicate America's bilateral relations with its Pacific allies. The

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http://thediplomat.com/2014/06 /chI na-and-the-us-destined-to-cooperate/.

[28] Anne Mary Brady, *Chinese Foreign Policy. A new era dawns*, available at http://thediplomat.com/2014/03/ chinese-foreign-policy-a-new-era-dawns.

Chinese economy is growing and, we ask ourselves, what will happen a few days after China will surpass US in terms of GDP? Will this be the starting point for building a multipolar international system or Chinese strategic thinking envisions a new model of unipolarity?

How will China 4.0 look like if we adopt the ideas of *European Council for Foreign Relations* and take into consideration that Mao Zedong's China 1.0 had a planned economy and a leninist political system, Deng Xiaoping's China 2.0 introduced the world to socialism with Chinese characteristics and China 3.0 is driven by provincial systems built on Chongqing and Guangdong [29]?

These uncertainties incline to be more and more relevant as the next power shift in CCP could lead to the replacement of the old top government officials, who had been elected in a classical way, with experienced/strongly connected technocrats, like Zhang Qingwei, former CEO of COMAC

Last but not least, it is worth reflecting on the impact of „black swans", highlighted by the experts of *National Intelligence Council*, which puts the light on the possible effects of a democratic China (that could become more nationalist) or a China on the brink of collapse (with devastating effects on global economy) for the international system. [30]

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Remus Racolta holds a BA in Psychology and currently follows a Master's Program in Actuarial Science at Faculty of Finance, Insurance, Banking and Stock Exchange within the Bucharest University of Economic Studies.

Costinel Anuţa graduated the Program in Advanced Security Studies (George C. Marshall Center for Security Studies), and he holds an MA in Public Relations, as well as two BAs in Informatics and Management. He has worked as expert within the Ministry of Defence, Bucharest.