

**NEW NORMAL OF CHINA:  
A GATE FOR SUSTAINABLE AND SAFE DEVELOPMENT**

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**Abstract**

*Excellent growth of China in export-led business created this state into a giant state not only in width of region or number of population but in economy and politics as well. However, with this kind of development China also having so many problem within the country. This research elaborates the policy of China that decreasing its economic target from 10 percent to 7 percent in the middle of its great development in perspective of rational choice on decision making process and the concept of economic diplomacy. An interesting topic to discuss that China decided this policy in reason of increasing its existence in international world order beside to embody the green development for sustaining its domestic development. The shifting of leadership in 2013 is brought China into greener development policy oriented. China is trying to drive the slower but high-quality development and projects become more cooperative with its neighboring country and beyond.*

**Keywords:** New Normal, Chinese Dream, Green Development, Economic Diplomacy, Rational Choices

**INTRODUCTION**

Becoming the world's third largest trading nation and the second largest recipient of Foreign Direct Investment, China achieved a great amount of the total stock of FDI within the country. It was around US\$562.1 billion in amount, with annual FDI inflow increasing from US\$2.7 billion to US\$60.6 billion over the same period (NBSC, 2015). China has also, in recent years, begun to encourage its national business to make investments in overseas. By 2004 China's investments in other countries were valued at US\$37 billion (Bi). The effort done by the government in a rapid economic rate of growth, made China significantly

improve the living standards of its citizen. Dramatically this policy is successful to reduce the level of poverty with the number around 800 million people according to World Bank Data (The World Bank, 2016).

In accordance with the fast development of China, some scholars projected that China will replace the position of United States in 2030 with constant development of 10 percent growth. With those developments, China is able to modernize its military power and dares to join numerous international organization and institution as the effort of China to integrate more with the world economy. Therefore the popularity of China growth is undoubtable.

In the early 2013, China elected the new leader. Xi Jinping gained his power as the new president and the leader of Chinese Communist Party. On his new position, he pledged to reform the economic system to the entire Chinese society. Instead of maintaining the target of economic growth, Xi proposed “the New Normal” for China.<sup>i</sup> After missing its economic growth target in 2014 under his leadership, through Chinese premier Li Keqiang, the government announced the new economic target of China in the annual session of the nation’s Communist Party-controlled legislative chamber (Qing & Yao, Reuters, 2015). The government announced that China will set the lower target for 2015 growth index into 7 percent from 10 percent in 2010 (Qing & Yao, Reuters, 2015). It is the lowest target of growth since last 25 years. The government also decreased the job opportunity into 10 million job vacancies in a year. Gradually, the market of property and factories are lessening as well as the government investment. Some researchers release the new prediction as the slowing down of China growth index. In 2014, China reached 7.4 percent and decreased into the number of 6,8 percent. It was predicted to be less in the following year into 6.3 percent. This economic risk could be the significant matter when talking about China’s development, none the less, in fact there are also a lot of China’s weakness in its development. The problems of social disparity still become obstacles that accompanied the growth for more than a decade. At the end, it just only becomes a relay games that shifted from the previous leadership to the present or possibly to future leadership. While the rich people enjoy the luxury, poor people are busy to collect their hope of life as a low income labor. In other sector, regarding to the environment regime agenda that has been heralded from the past is also threatened the same. In parallel to heavy industry, economic development becomes a boomerang for environment sustainability. The green economy agenda that valued can be a bridge between economic and environment development still couldn’t be a priority of the decision taker (Xiaoxue, Zhanfeng, Qiong, & Ying, 2015).<sup>ii</sup> It will and still being a discourse

that might never be realized. Therefore, the new economic policy of China became questionable, whether Xi Jinping could bring China to become the rising star or into adversity. Then, the urgent reason of intentional economic slowing down should be traced.

## **ANALYSIS**

Extraordinary Chinese growth admittedly made China look exhausted. With high target of economic development, China pushes the natural resources and the labor force to work harder in order to maximize the profit. As the consequences, more than 67.6 billion people were only taking 1 percent of the total household income and below (The World Bank), but in contrast with the same number of people take 23 percent of the total household income (USCB). The income in urban also reaches four times higher than in rural areas. Mostly people in China also have been experienced bad conditions of air quality, fresh water shortages, and other disadvantages caused by the environment degradation. An unavoidable desertification of farm fields is an example. It is caused by unproductive land and worsens by the changing of the climate. In Chapter II the writer has much given examples of the bad impact of economic high target. Therefore, in this chapter will dominantly discuss about the reason of China to set the new normal related to China's existence in global view and sustainability in development. It provides a proof that Chinese step to take the alternative of new normal is worth for the Chinese future development.

Regarding to the case, China acts as the main or single actor in determining the important decision according to rational choice model by Graham T. Allison. In economic development, determining of economic growth target becomes crucial decision to be taken by the state. The economic growth target is the main parameter for China in doing economic activities, either in domestic or foreign country, and even both. In other words, China made the target as the projection to determine the proper mission or policy to achieve it.

Rising as the state which has the great international market, the domestic economic policy of China is often taken into account by the trading partner since it will also give the impact to the new China foreign policy in economics to their country. In this moment China has a good bargaining position. China still contributes in world market as the greatest supplier of the manufactured goods with a great demand. Even so, China takes a rational step by not ignoring the crucial domestic problem that caused by too high economic target.

As the main actor in taking decision China have a responsibility to drive the direction of state development. Thus, the government has capability to build up its image in international community. Image building of the state is included into soft power which cannot be underestimated anymore nowadays, therefore the image building is very important to be concerned since it can direct other state in acting toward every policy made by a certain state. At a moment, this momentum of the slowing down is used by China as the opportunity of image building. For detail, this section brings the explanation about the relation of new normal policy and China national interest.

### **Introducing to Chinese Dream and Its New Normal**

The concept of Chinese Dream was recently accompanied Chinese development since late 2012, when the conclusion session of 18th National Congress of Communist Party (CCP) reaches its end (China Daily News, 2014). As a new president in that time, Xi shared his slogan to the public as the goal for China development in the next 5 years after.<sup>iii</sup> As stated by Xi which published in China Daily news, the Chinese Dream means “a great renewal of Chinese Nation” or the starting point for the new ruling government to rejuvenate the country. Xi emphasized that it is not only the dream of the state but it also the dream of entire Chinese people. He wanted the society to have better environment, better education, and employment with higher income, improved the health care and medical services, it also improved public security and life in a better housing.

Before elaborate the correlation between Chinese Dream and the New Normal Policy of China, we better knows about the meaning of New Normal policy itself. It is already briefly mentioned in the first chapter that the New Normal policy is an unofficial statement to call the government’s plan to set the new target for Chinese economic growth rate. This average growth of China Economic is nearly touch 10%. For the sustainable and economic reform China decrease the target only into 7%. Now this term also use to call the new policy made by the government regarding to the reducing of growth target. Both Chinese dream and New Normal policy are the product of Xi Jinping leadership. At a moment it can be assumed that the New Normal is designed as the government real action to realize the Chinese Dream.

There are several versions of categorization to simplify the understanding of Chinese dream. According to Christ Chen in Xpatnations, Chinese dream are specified into four main ideas (Chris, 2015). First, a strong China in any aspects. One of the most important aspects,

China desires its economic aspect to be more stable even though the international economy are fluctuate. Since the economic aspect is usually become the grassroots reason for problems in other aspects. One of the way to make its economic more stable is by keeping the rate of unemployment low and provide the labor with high income. It is expected to boost the consumption within the country. Second, a civilized China, with higher education, and prosperous in economy, the government expects to have more equality for the society. Indeed, the economic reason usually becomes the main cause of the social unrest, but in future, the reformation could bring more prosperous in culture and high in morals. Third, a harmonious China, not in a narrow meaning, China want to bring into reality the condition which more balance without any great social disparity as today. Fourth, a beautiful China, the last but not least, the environment problem has not been taken into attention for a long time. None to be blamed, but the actor who exactly knows about dangerous for the environment, but they still do the action in harming the environment on behalf of economic profit. Now China is more concern to make its country more comfortable with the fresh air, friendly energy resources, and clean environment. Furthermore, the New Normal policy is not aimed to one scope but it encompasses both domestic and foreign issues. The Dream is not only aimed for people in China only but also it is aimed for the peaceful and as the guidance for its relations with other country.

### **International Perception toward China Image**

Behind the majesty of China in term of economic growth, there are more interesting topics to talk about. Some disconcerting news should be received as the complete package of development. It's been a few time that China is accused as the unfair trading partner. It is considered that China betray the common commitment in World Trade Organization (WTO) about the trading regulation agreement among the member. Since the liberalization of Chinese market made China are busier with the export-led market. United States and European Union is two biggest recipient country of Chinese export. However, China is accused not trading fairly. China takes a benefit from the open market of both United States and European Union. The most recent news, the United States complained for its experience of trade deficit because China does some restriction in its import regulations. In 2014, the United States trade deficit counted US\$338 billion and it projected will be US\$505 billion in this year (Irwin, 2016). This condition becoming the high concern from the government of United States to have further action in order to stop loses. Condemn of China deception is delivered regarding the enforcement of anti-monopoly rules that aimed for the strengthening

domestic business. Other unacceptable deception is China's strict regulation toward the market from the state trading partner to widen their market in China. China sets policy for the foreign companies that the companies could have the market in China by only through joint venture. It means that the foreign company should responsible for profit, losses, cost and they share also the important intellectual property to the domestics company (Investopedia). Certainly US government desires to protect its own manufacture company from foreign competitor. It is deemed dangerous for the foreign company because this company might become the future competitor since it's already know about the market strategy from the origin owner of the intellectual property. Hence, China is also blamed for the Intellectual Property Right delinquency. As the result, foreign companies are reluctant to open the company in China.

The issue of unfair trading partner often correlate with the manipulation currency issues by Chinese government. In fact the manipulation story is not a brand new issue. It's already being long history of cheating but it always have the latest version (Weissmann, 2013). The second largest trading partner of China (read: European Union) also has the same experience of having cooperation with China in Economy. Different state with same story.

China economic activities are highly supported by manufacture sector which concern on heavy industry. It is considered as an uneco-friendly method of development growth. Until now, China is still known as the largest contributor of CO gasses in the world (Selighsohn, 2015). Environment problem often become the complicated issues since environment issues is borderless issue. It became the responsible for entire people in the earth. It is the reason why international organization made the agreement to manage this issue, even though those agreements often violated or cheated by several countries and the parties who have intention in order to get personal or in group profit. China has got the warning from international community for many times.

There are a lot of bad issues of this country, but for some cases China still firm with its decision in order to protect its economy. China will not easily being influenced by the external opinion since it already considered about the strategy. However, in rationality, the decreasing of economic target in beginning of 2015 could be seen that China has an effort to keep its integrity with the trading partner. State cannot be strong in all relation with other state. It has the strong in one sector and weak cooperation in other side. China might firm in

doing the “unfair trading” or doing the “currency manipulation” but China also giving its attempt to be integrated with trading partner country in green development.

It is to be feared that there will be a serious response from international organization to restrict the demand toward Chinese products. Some state might also do embargoes by rejecting the Chinese product until China change its policy. To avoid that kind of action from international community, China tends to take intentionally downgrading of economic target rate.

## **The Starting Path to Achieve beyond China’s Domestic Dream**

### *Harmonious China*

The day when Xi Jinping introduces Chinese Dream, he describes his version, the head of state version. Beyond of the domestic purposes, Chinese dream also encompasses Xi’s dream of China’s existence in International stage. A willingness to achieve the “looked” harmonious relation with other state is desirable. In the same year, he also planned to apply the New Normal policy. Although New Normal policy is the domestic policy but it greatly takes the international attention whether from the policy maker, business actor, and academia or think tank.

China uses the domestic policy, in particular economic issue to give a sign for other state that China want to rise peacefully. It is well stated by Xi Jinping in his speech during “The Road to Renaissance” exhibition in front of all standing committee he invited.

“ China will remain committed to peaceful development. We Chinese love peace. No matter how much stronger it may become, China will never seek hegemony or expansion. It will never inflict its past suffering on any other nation” (Shaohui, 2016).

-Xi Jinping

These words are well stated in order to convince the world that China’s great development will not use as the supporting tool to be hegemon. China military capacity always be a feared to use as the offensive purposes, recalling about the China and Japan dispute in the South China Sea. China argue that military build up is aimed for defensive purpose to protect its economy.

“ To realize our goals, we must have a peaceful International environment.  
Without development, China and the world could not enjoy lasting peace”.

-Xi Jinping

This speech is delivered to reassure about unwillingness of China to use the hard power. China only needs a comfortable environment to rearrange the economy (Shaohui, 2016). The statement imply that develop the relation with other state is the priority of China's diplomacy. China wants to emphasize that the Chinese dream is not a threat for other state but it rather aims to achieve the mutual benefit and inclusiveness. The Chinese dream also should considering the aspiration of the other countries beside its own goals to achieve the peaceful condition in international circumstance.

### ***An International Commitment on Environmental Regime***

Time to time, the environment problem has pretty attracted the great international attention, but there are no firm commitment to protect it. The environmental problem, especially the impact of unfriendly economic development often become a debate between developed and developing country. In the market-led economic system, the transaction process of demand and supply become the main power of world economy. Massive production should be done in order to fulfill the market demand. The popular liberal economic principle emphasize that the transaction in market would be beneficial if the actor of economic use the lowest cost of production and apply as high as possible benefit. As the result, the usage of industrial engine which produce dangerous fabric waste is still utilized because it considered as the most efficient way. For instance, the using of coal for production that valued as the most efficient fuel instead of solar panel, wind installation, or the natural gasses as the energy sources. It is still popular in industry even though they know that coal is the dirtiest fuel.

Frequently, the state are envy and blaming each other, because in one side the state are willing to commit in environment protection agreement but in other side the state cannot let the opportunity to have better economic growth gone since the state income and state revenues is very important for the prosperity of the society within the state. For the example, the debate between Developing state and developed state toward the greenhouse gasses and waste from the fabric production. Where the developed state blame the developing country



for producing the CO gasses without any commitment to decrease it. Oppositely, the developing state blames the developed state because there is not much contribution and financial assistance for the developing country to move their heavy industry to environmental friendly industry which consumed a plenty of money.

If we reviewed back to several years ago, there has been a lot of agreement made but violation and reluctances do exist. In practice, every state having its own authority to give the penalty to violate country, for example the economic embargoes. State have a right to restrict product for certain country in regards of dislikeness or violation of international agreement. It is important to applied since the environmental problem is different with the race conflict, immigrant problem which can be solve in a certain region. However, the environment problem don't have any restriction for getting in to the borderline of the new region. Moreover, water and air are the fundamental requirement for a human to live. The natural material which connected without any institutional borderline. Hence, keeping the quality of environment is the responsibility of neither developing country nor developed country but the entire human in the earth. However, in this case such the rules mentioned above could not applied to China. China has strong power that courage them to not obey the norms prevailing in the international sphere. However, China must have a certain reasons that made China willing to follow the environment regime rule in international arena.

## **CONCLUSION**

Through a new normal, China is intentionally downgrade its economic development rate to give a time for domestic politic to rearrange the policy and starts to decreasing the usage of heavy industry, improve the solar panel, wind power installation and other eco-friendly power supply so that economic and environment, both are sustain. It is also aimed to change the image of China from Brown economic-led to green economic-led, thus this new condition can generate the new job field with green-economy base. Nevertheless, if we see the China policy draws that China not only concern on the green development trend but China want to create the new power which now are starting to bear so many problems.

Therefore, New Normal Policy is taken to be a sign gate for China to deliver its willingness to reform the economic system, thus the country could doing transition without any threat from domestic or foreign politics. In other words, New Normal is not as a white

flag but it stands for the peace message from China to all the world and as the good member in international organization.

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<sup>i</sup> *The New Normal* of China was unofficial term to call the government's policy for setting the new target to their economic growth. This policy is announced when the 18th Congress of the Chinese Communist Party which was held in December 2012. *The New Normal* policy started to apply in 2015 until the next five year under the fifth generation of Chinese leader.

<sup>ii</sup> According to UNEP (2010) the definition of green economy is 'an economy that results in improved human well-being and reduced inequalities over the long term, while not exposing future generations to significant environmental risks and ecological scarcities'. The Green Economy itself is not the common term use in China, they usually use 'ecological civilization' and 'green development'

<sup>iii</sup> Some media found this slogan interesting, since the similar slogan (read: American Dream) had been used by United States in previous year. They highlighted whether it is the aspiration of Chinese or inspired by US.