

How 1978 changed the world

Lasting impact of China's reform and opening-up will continue to shape the global economy, global leadership

By **ANDREW MOODY**

andrewmoody@chinadaily.com.cn

Forty years ago this month in the Jingxi Hotel in Beijing's Haidian district, one of the landmark events of the 20th century took place.

This was the location of the Third Plenum of the 11th Communist Party of China Central Committee, which was held from Dec 18 to 22, 1978, and the place at which top leader

Comment

Why 1978 is vital to everyone,
page 13

Deng Xiaoping launched reform and opening-up. This initiative not only transformed China — from a largely agrarian and poor society to the second-largest economy in the world — but in so doing changed the whole world, shifting its center of gravity eastward.

Martin Jacques, the British academic and author of *When China Rules The World*, believes 1978 was when the 21st century actually began, shaping the modern world we are beginning to experience today.

“Deng's reforms not only transformed the whole of the Chinese economy, it transformed China's vision of the world and the world itself. It is an absolutely revolutionary shift. It was a momentous event, absolutely incredible. In my view it did mark the beginning of the 21st century,” he said.

Reform and opening-up began with reform of the agricultural base of the economy.

The 1980s also saw the establishment of special economic zones (SEZs) in Shenzhen and other coastal areas, which became hives of industry and the platform for China to become the manufacturing workshop of the world.

The policy welcomed foreign investment from multinational companies around the world, which set up operations in China through joint ventures.

The economy has since grown at mostly double-digit rates from \$306.2 billion in 1980 to \$12.3 trillion in 2017, a 40-fold increase. In the process, some 800 million people were delivered from poverty.

Since the global financial crisis of 2008, China has contributed one-fourth of all global growth.

Kerry Brown, director of the Lau Institute at King's College, London, said, however, that it would be wrong to see 1978 as a complete break from what came before.

He sees China's development as more of a continuum, with the three decades after the founding of the People's Republic of China in 1949 also important.

“The journey started in 1949.



Top: Xishuangbanna Bridge was under construction over the Lancang River, in Jinghong, Southwest China's Yunnan province, in the 1990s.

Above: People launch Kongming lanterns for good luck and fortune near the Lancang River. XINHUA



Jinghong, Yunnan province, in the 1980s (top) and in 2018 (above). XINHUA



Martin Jacques,
British academic and author.



Rana Mitter, director of the University of Oxford China Centre.



Kerry Brown, director of the Lau Institute at King's College, London.



Tony Blair,
former UK prime minister.

There was a modernization going on that was complicated. And it was all part of a learning experience. Without what happened before 1978, you wouldn't have had the opportunities to do what happened afterwards,” he said.

The initiative has shaped many people's lives. Jing Ulrich, managing director and Asia-Pacific vice-chairman at JPMorgan Chase and one of China's most prominent businesswomen, was 11 years old when it was launched.

“I remember as a child witnessing the economic reforms that placed China on a path of extraordinary growth and prosperity,” she recalled.

“Every year I saw how the introduction of market principles allowed China to open up to foreign investment and gave people the opportunity to set up businesses and build something out of nothing. The transformation created much-

needed jobs, drastically increased living standards and gave people the chance to build the lives they always wanted. It was the beginning of the Chinese dream.”

Ulrich, now 51, has been ranked by *Fortune* magazine among the top 50 most powerful businesswomen in the world, and was one of the first students at Harvard University to come from the Chinese mainland.

“While I was studying in America, people didn't really know much about China. But over time, as the reforms continued to ripple throughout the market and brought global attention to the rising dragon, I knew it was my calling to interpret the China story for the world,” she said.

One of the contentious issues with reform and opening-up is whether it gets the attention and recognition in the West it deserves, if only by a single criterion: delivering so many

people out of poverty.

Former UK prime minister Tony Blair, in an interview with *China Daily* earlier this year, was one to acknowledge this.

“It is a really significant event. If you were a Western student, you would study lots of things about the politics of the late 20th century. You would study the Soviet Union, the fall of the Berlin Wall and the end of apartheid,” Blair said at the time. “You wouldn't probably study, in the same way, the opening up of China, and yet it signaled that China was going on a new path of engagement with the world with the opening up of its economy. The results have been staggering.”

Brown, although recognizing the significance of 1949, said the world we live in now derives from 1978.

“In terms of global leadership, nothing comes close to it in terms of its impact on one-fifth of human-

ity. This was a truly great event, and so many issues we are dealing with now, such as the shape of the global economy and the rivalry between the US and China, all date back to that year.”

Jacques, too, believes there is insufficient acknowledgement of 1978 in the West.

“You see barely anything in the Western media. That tells you virtually everything you need to know about the inability to comprehend one of the greatest trends in the world,” he said.

For Ulrich at JPMorgan Chase, the impact of reform and opening-up will continue to shape the world with China's ability to invest in other nations through such things as the Belt and Road Initiative, which was proposed by President Xi Jinping in 2013.

“China's economic reforms have

>> **PAGE 9**