
China's Regional Economics: Historical Continuities and Modern Interactions

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Regional Studies
Vol 42, Issue 2
pp.26-51

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<http://irs.org.pk>

P-ISSN: 0254-7988

E-ISSN: 2959-5459

Date of Acceptance: 10 November 2024

Published Online: 25 December 2024

Abstract

China's regional economic policy indicates the enduring relevance of its historic economic strategies. The policy communicates the historic vision of regional economic well-being by aiding the neighbouring economies while bringing internal economic development. Although the systems of dynasties and empires in China did not project a major global economic programme such as capitalism, global outreach initiatives remained a prominent feature of its past while certain economic thought from antiquity supported initiatives such as the ancient Silk Road. In the present day, the Regional Comprehensive Economic Partnership (RCEP) is a trade and supply chain connectivity platform with China's participation but it does not present any threat to the prevailing regional economics in Southeast Asia. Emerging as a product of economic and political programmes, this economic connectivity partnership aligns with the agenda of continuity of historic economic thought and the existing trade and economic model of China. The Confucian ideals of greater good, shared interests, low taxes and free trade are manifested in RCEP's rule of origin and agenda of free trade. Therefore, the inclusion of China in RCEP indicates a regional economic policy where the continuity of its economic thought is interacting with new regional economic initiatives. This framework negates the

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Regional Studies, 42:2, Winter 2024, pp.26-51

perceptions of threat. It is tended to in this paper by presenting a prominent economic thought from antiquity and its endurance in the modern-day economic frameworks. Such interaction of past and present economic strategies is guiding China's regional economic approach which is presented as the outcome of the process.

Keywords: *China, Confucian ethics, collective good, regional economy, economic integration*

Introduction

China's regional economic engagements are multifaceted strategies for its regional and domestic economic goals. Unlike the Western models of regional economic engagements, which prominently propagate influential economic programmes such as capitalism, China's economic policy in the region focuses on fostering trade and mutually beneficial economic connections. Its economic policies of dynastic and imperial eras assisted trade and connectivity across Asia and afar, stimulating shared prosperity without commanding a dominant economic framework. As part of its economic policies, its regional outreach programme ascended it as a member of the Regional Comprehensive Economic Partnership (RCEP). Since it is a new framework of regional economic interaction, it has some unique features. The most prominent characteristic is its size. It is the world's largest free trade agreement. Initiated by the Association of South East Asian Nations (ASEAN), it follows the principle of inclusivity and diversity offering a more balanced approach to the regional economic partnership. Its focus on supply chain connectivity allows the trading partners to develop industry and channel the resources within the region. To facilitate trade and connectivity, an efficient financial system is ensured by promoting digital trade. It is a unifying approach for the collective growth of the Asia-Pacific. China's active participation in this partnership is often viewed as employing a framework of threat perception and, therefore, necessitates comprehension of this framework using an internal approach.

The link between historic economic thought and the contemporary regional cooperative model is essential to elaborate the economic thought programme from antiquity, the contemporary economic model of China, and the regional economic strategy of the RCEP. In this regard, this paper explains the economic programmes from the early periods and the Confucian system and develops their relevance with regional economic engagements.

The study follows an interpretative method to present the historical context of contemporary economic policies. In doing so, it relies on two datasets: one from the historical translations from the native Chinese speakers of the Confucian works, and, the White Papers from The State Council of Information of the People's Republic of China (PRC). The ethical principles and themes are interpreted for their context and continuity from the *Analects* (more about it below) to support the claim that the PRC's agenda of collective regional economic good has roots in its historic ethical economics. The White Papers consulted are the two recent documents from 2021 and 2023 that detail the PRC's role in international development in the new era and cooperative programmes and RCEP's manifesto. The Voyant language model is used to analyse the terms and language used in these official documents while the visuals reflect support for the presented argument. Based on data and analysis, which is used in an embedded technique, it is concluded that China's regional economic policies are not a threat to the existing economic governance system of the region, rather it is a continuity and an inevitable essentiality rooted in its past.

Earlier Interventions of Economic Programmes

Understanding China's past in terms of its economic thought reveals an intertwined rationale of economy, politics, and society. Along with the interwoven approach, the lack of empirical accounts indicates that the earlier system was guided by metaphysical experiences.¹ Its foundations are traced in the thought tradition of

Confucius. Emphasising social order, economic stability, and national security, the profound thought traditions of Confucianism laid the earlier foundations of ethical governance. The economic rationalisation in imperial China reflected these principles that Confucius outlined for the individual and the ruler. Intricately weaving the economic thought of empires, the Confucian thought provided imperial China with a highly structured society. Its belief in filial piety, adopting moral virtues by the individual and the ruler, respect for the authority and empire, and promotion of a harmonious social order hold greater significance than other traditions of thought.²

In modern-day China, it is believed that the terms economics and economy as concepts are foreign constructs because, in ancient pre-Qin times, economics was not a separate domain to be studied; rather it was considered a part of a comprehensive philosophy of Confucianism and Daoism that discussed economic affairs along with politics, law, and government.³ The Yellow Emperor is mentioned in historical studies of strategic thought in International Relations (IR), and a philosophy of such mention explains mythology as the rationale of the earliest strategies.⁴ Similarly, the discussion on historical economic thought identifies the existence of mythical gods and emperors whose primitive teachings organised and introduced economic affairs. For instance, *Pao Hsi*, also known as *Fuxi* is described by Chen, an economic historian and analyst from the early twentieth century, as saying: "The Chinese really have no accurate knowledge about the earliest history of China, but it is said that the reign of Pao Hsi lasted one hundred and ten years and that the fifteen reigns which followed all adopted the name of Pao Hsi."⁵ Exploring the economic heritage of China reveals that there has been no significant economic achievement in history that would have a global impact. However, China and its recent role in regional and global economic governance present an evolving relevance of this heritage.

Whilst there are several references to economic thought in the Confucian and Daoist literature, its historical usage is distinct from its modern employment. Ancient periods and the dynastic era mentioned economic thought with the essence of ruling the country, ensuring its national security and bringing peace to the world. In the Chinese language, these were *Jing Shi Ji Wuo* and *Jing Guo Ji Min*.⁶ The study of economics was an aspect of national development. It is mentioned as an agenda of enrichment that specifically meant ensuring national security. In recognition of this factor, Chinese pre-historic thought has influenced strategic studies and not international political economy. Chronologically, the economic significance of periods or eras categorises this history as the *Ancient Period* (2070 BCE to 1000 CE), *Middle Ages* (1000 to 1800), and *Modern Era* marked from the 1800s to the twentieth century. Among these periods, the first one under study is the *Ancient Period*. According to the documents from history, the prehistoric or ancient period is the first one in chronological order. *I Ching*, meaning The Book of Changes is the foundational document of the said period.⁷ It provides profound insights regarding the existence of human beings and their relationship with nature. Deeply rooted in Chinese philosophy and its cosmological ontology, it categorises the human experience with nature into two concepts; *yin* and *yang*.⁸ Developing *yin* and *yang* as a binary by the sages in pre-historic times, *I Ching* claimed to be the first oracle. Its essence lies in the idea of divinity and its utility is found in the metaphysical basis of beliefs and practices. Metaphysical reality and belief are underlying ideological frameworks that work beneath conscious thought. They impact and influence human actions unconsciously. The legacy of *yin* and *yang* is maintained by its much-adhered idea that there exists a perfect balance between every set of binaries: black and white, good and evil, or earth and heaven, and the interplay of these binaries bring about changes for the world. Several interpretations are derived from this

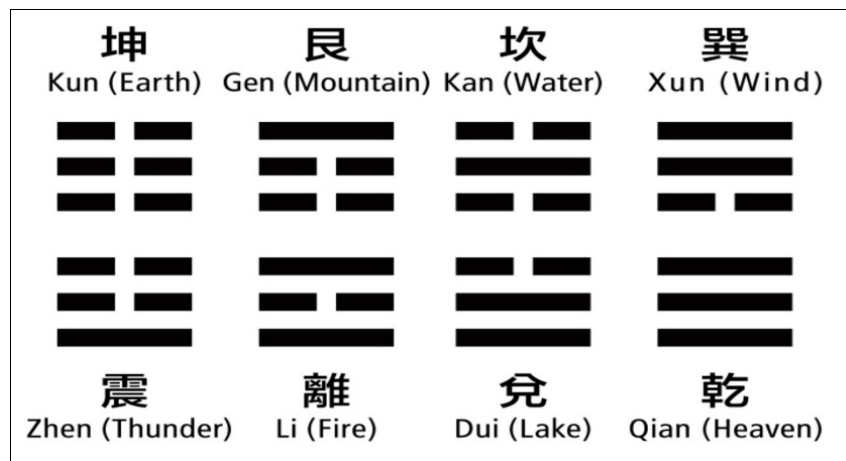
text. Some believe it to be presenting the cyclical nature of existence where a cycle of life and death continues through stages.

I Ching has impacted the thought traditions in Chinese political and economic thought. Confucian and Daoist ideas entail commentary on earth and heaven and the dynamic balance between them. This balance culminates in change for which the world should always be ready. One of the interpretations of *I Ching* asserts that this philosophy derives its essence from the belief in plurality. Chinese society of pre-historic times believed in a multiplicity of existence as per the context of space and time and, therefore, it argued about shifting patterns.⁹

The content of this thought exists in the form of diagrams, more specifically called *hexagrams* and their interpretations. It involved a method of using yarrow stalks; which was a plant with a mystical value as it collected energy from the top and then distributed it into its hollow veins and roots. Yarrow stalks are replaced with coins in the modern day. Stalks or coins are tossed to acquire patterns whose interpretation is given as lines and the development of a hexagram is completed by six rounds of tossing the material.¹⁰

Figure 1

An image of the Hexagram¹¹



Initially beginning as a script for gods, spirits, and ancestors, *I Ching* transformed into a cosmic interpretation of change. It provided consultations for learning how the 'Dao' or 'Way' worked. Developed in antiquity by King Wen of the Zhou dynasty and the legendary character Fu Xi, the hexagrams are interpreted into meanings, judgments, and statements.¹² The economic policies were also influenced by these interpretations and meanings.

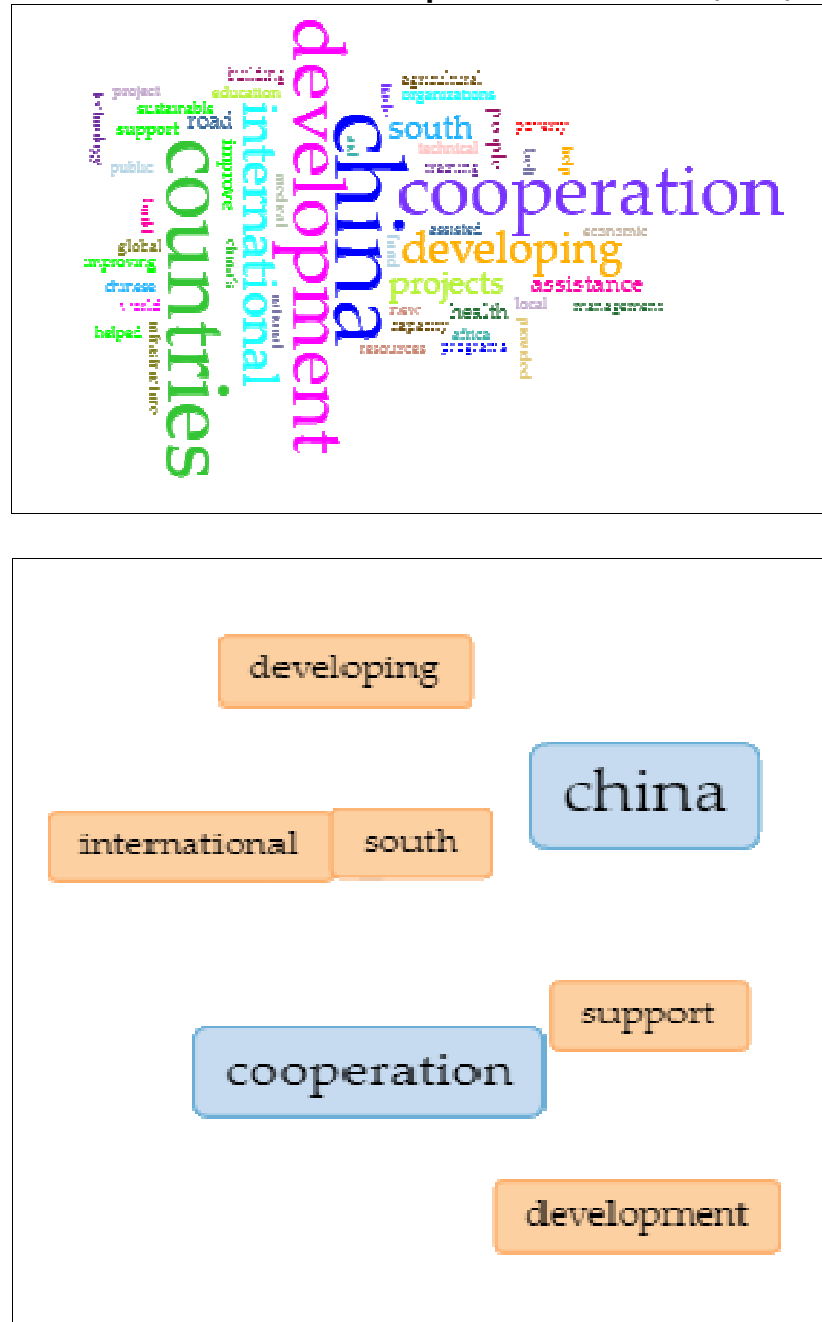
The economic system represented the administration of wealth and wealth was an asset to be shared collectively by individuals. Its subject matter worked under the framework of justice. Providing for food and economic commodities was the primary task for the political entity (dynasty and government) and was considered essential for a just system. The accessibility of food and necessities was believed to be fundamental for the prevention of an unjust society.¹³ Such economic interpretations of *I Ching* are furthered by two of the most prominent thought traditions of China, i.e., Confucianism and Daoism.

Confucius: An Economic Programme of Prosperity and Economic Security

Confucius's thought is considered primarily political and ethical, but it has had a profound impact on modern China and the newly developed economies of Southeast Asia. South Korea, Singapore, Hong Kong, and Taiwan are all influenced by Confucius's philosophy. This regional influence of Confucianism makes it essential to discuss the relationship between economic ideas and their significance. Unfortunately, his writings and works were destroyed and lost by an anti-Confucian movement in 221 BCE. At the time of the unification of the warring states, a political group known as the *legalists* burnt and erased the scripts of Confucius. Therefore, a collection of works by his disciples and critics was compiled to carry on his tradition of thought. It is called *the Analects*.¹⁴ Several translations and interpretations of *the Analects* are available and a translation by a

native Chinese speaker and East Asian translators and illustrators' works are consulted for this study.¹⁵ With reference to the economic thought in ancient China, as per *the Analects*, Confucius's political and ethical philosophy encompasses the concepts of 'propriety' and 'benevolence'. The first one alludes to the actions that are suitable for its corresponding historical time. His thought guided well over 2000 years of feudal China, and he believed in feudal patriarchal ethics. Repeatedly, he celebrated propriety and aligned the practice with 'righteousness'. On the other hand, *benevolence*, extending a similar line of thinking, is a tool to ensure propriety and righteousness. He considered benevolence as the basic virtue in a moral order, and its essence lies in thinking about 'collective good'. Being loyal to the emperor and the empire and dutiful towards family were social relations guided by a sense of achieving the greater good. Therefore, the economic relations were also guided by the same spirit of the greater good. It was a moral philosophy that takes its basis from a source that is considered reliable and coherent in terms of its epistemic justification. The reliance of Confucianism on moral philosophy and its mythical basis did not mean that Confucius did not believe in reason or rationality as a means to find the truth. In one instance, he discussed, "... what is not known does not imply that it cannot be known, but, there can be a way to know it, only I (Confucius) do not know it."¹⁶ The regional impacts of greater and collective good are quite evident in today's economic programmes of China. The iterations that the PRC intends to work with its regional and global partners are often presented in the White Papers of the State Council. An analysis of the first one using a language model shows the emphasis of the PRC on cooperation for the South and international development.

China's International Development in the New Era (2021)



The White Paper from 2021 highlights that the pursuit of the greater good and shared interest are distinctive approaches that China follows. Among them, it clearly states that “with higher priority given to the former, is the underlying guideline.”¹⁷ Prioritising the greater good for its international development programmes which also include the PRC’s special emphasis on the South-South cooperative arrangements reflects a connection of antiquity and present-day economic ideas.¹⁸

Moreover, in guiding the leader, Confucianism believes that the ruler should demonstrate the virtues of courteousness, tolerance, trust, diligence, and kindness. These will ensure a system of governance based on effective administration and a peaceful and prosperous society. “If one is courteous, one is not treated with rudeness; if one is tolerant, one wins over the multitude; if one is of good faith, others give one responsibility; if one is diligent, one obtains results; and if one is kind, one is competent to command others.”¹⁹ Embodied in these five virtues, benevolence is the guiding principle for resolving economic issues, according to his teachings. It can be safely assumed that this philosophy offered people-centric views. Benefiting the people, valuing the people, feeding the people, and bringing salvation to the people are some of the translated phrases from the *Analects*. These ideas were adopted for the economic policies of the corresponding periods and are reiterated in present times. A people-to-people approach is often communicated in recent programmes. Fostering closer people-to-people ties as the cornerstone of sound state-to-state relations and the social foundation of the BRI is emphasised.²⁰ In the White Paper that outlined BRI’s current phase in 2023, the underlying importance of people-to-people connection is stated as a way to enhance connectivity.²¹

Achieving a communal goal through individual participation has remained the ultimate objective of benevolence and its rule of conduct is structured as a hierarchy of participants and their certain

roles beginning with the individual, going through levels of family and society and finally culminating at the state's level. Since Confucius preferred society's interests over individuals', his followers advocated a tax-free market and border trade. Mencius, a Confucian philosopher from ancient China emphasised that the government should supervise trade but not levy taxes on it. Such idealisation of economic thought continued into the pre-Qin period, stretching from the Paleolithic age until the Qin Dynasty. A hundred schools of thought emerged in Confucianism, and various empirical and normative frameworks for studying economic affairs were used. The two most influential concepts among many others of those times that were introduced in the pre-Qin academic period and bear relevance for Chinese economic policies and society today, are *Shi* and *Huo*. The first one refers to the production of food, and the second is about the making of handicrafts. These two concepts covered the macroeconomic policies of the people and are discussed in the historical accounts of the *Han Dynasty* (202 BC-9 AD, 25-220 AD). The concepts are believed to have come from Heaven. In the Western *Zhou Dynasty* (1045-771 BC), the ruler *Da Yu* was given nine grand methods to rule the country; the third one is called the '*Eight Policies*'. *Shi* and *Huo* are the first of these Eight Policies.²² In a country where the natural economy was the source of life, the production of food and handicrafts points towards agriculture-oriented economic policies. Confucius promoted *Shi* as the most important concern in the governance system. Once asked by his disciple *Zi Gong* about governance, he replied that three elements are most important in the process; "sufficient food, sufficient weapons, and the trust of the common people." He emphasised *Shi* as the most important element for ruling a country. He studied the relationship between production and consumption and the impact of the distribution of resources on production involving taxes.²³ Here, free trade, border trade and production for the welfare of the people can be identified as the most important domains for economic policy.

When analysed for their contemporary relevance, it is observable that PRC's initiative for the world's largest free trade agreement in South East Asia, the Regional Comprehensive Economic Partnership (RCEP) is signed between China and 14 other regional partners. It aims at the elimination of tariffs, improvement of market access and regional integration in the larger Asia-Pacific region.

Market access, free trade, and regional integration were highlighted by followers of Confucius. Throughout a feudal political system, landlords granted lands to the farmers in exchange for rent or their produce. The quantity of produce and amount of rent were determined by the fertility rate of the land. Rent-paying farmers were not burdened with additional taxes by the government. Confucius presented the idea of 'light taxes' in those times. Low taxes were idealised to benefit society by creating an abundance of food. Farmers and consumers were to have more food when the incentive of low taxes would be offered by the government. The farmer was to produce more under low taxes and the government would receive taxes from a wider base, with more farmers producing and paying the tax. In case of heavy taxes, there would be less production by the farmers and the tax net for the government would also shrink. When incentive is detracted, motivation of production is abolished and public discourse expresses resentment against such policies. A famous strategist of the Confucian period Sun Wu explained this proposition in a dialogue with the king. Sun Wu predicted that out of the six most powerful governors of the Jin state, the ones who levied heavy taxes would be removed first. His analysis was based on two empirical elements: the unit area of land and the rate of tax levied by the government per unit area. Since there was no uniform system for land measurement, the tax per unit of land was different for each governor. The smaller the land measurement, the heavier would be the production tax even when the tax per unit was the same for all. Production in an area where land units were smaller in measurement would decrease as there would be

a heavy tax for a smaller size of production. Present time's relevance of these Confucian ideas of light taxes and incentives for the producers are followed inside China with an implication for its regional dealings. To promote economic activity, tax incentives are used by the Chinese government.²⁴ Creating favourable economic conditions for long-term societal welfare has been the PRC's approach to gradual development.

The significance of adequate food was emphasised by several authors and is a concern of human rights today. Mencius (372-289 BC), a Confucian scholar, established the relationship between the adequacy of food and the virtuous nature of man. If food were abundant, people would be nothing but virtuous. The freedom from hunger would ensure order in the society.²⁵ Adequacy of food is also discussed as an attribute of caring for people. Any sovereign who implemented the economic policies for providing food, clothing, shelter and recreation, was among the most loved rulers. These aspects of a ruler and his rule are discussed by *Mencius*, Xun Zi (298-238 BC), and Guan Zhong (d. 645 BC). *Guan Zhong* was appointed the Prime Minister and helped the ruler become most loved and respected by the economic reforms guided by the Confucian philosophy. People-oriented governance allowed free trade of goods that consequently guaranteed adequacy of food, clothing, and housing while making people more respectful and courteous towards each other and the ruler.²⁶

The behaviour of the people, as Mencius emphatically stated, shall be based on 'goodness' (Jen), by which he meant compassion. Empathy for others and an exhibition of care for them entailed this idea. The feeling of goodness is an inherent trait of individuals and comes as a natural birth right. Education and learning are practised to keep this trait and if they are lost they shall be sought. Eternal goodness exists in a world where food is scarce as only if there were as much beans and mullet as water and fire, there would have been no such thing as a bad man.²⁷ The goodness of individuals shall be

transferred to the goodness of the government in a collective sense. The abolition of taxes, reduced numbers of parks and enclosures for those who had plentiful, abolition of savage penalties, support for senior citizens and the aged, and a system of schools that teaches the ontology of morals were advocated by him. The king who believes in goodness instead of profiteering can become the ruler of the entire world.²⁸

Mencius and Xun Zi believed that when an oppressive sovereign rose to power after the Yellow Emperor, the qualities which the sages possessed for governing the people were lost. These tyrants were involved in maladministration as they took away basic needs in exchange for wants. Houses were demolished and in their place parks and ponds were constructed for recreation and fields were transformed into gardens that resulted in a shortage of agricultural yield, mainly food. Oppression by a government and a ruler is coded, linking it to *Shi*. When military expenditure exceeds food spending, oppression is committed. Starving people by maladministration, abusing them physically, and depriving them of their basic needs is tyranny and would create hatred towards rulers among the people. In his times, the rulers cared about the preparation for war more than they cared for the wellbeing of people and it resulted in resentment among people as they were deprived of propriety and courtesy. Oppression was also common by abusing the workforce and Confucius condemned it too.²⁹ Xun Zi while elaborating disorder in the society made resources and their scarcity an element leading to unrest: "If men are of equal power and station and have the same likes and dislikes, then there will not be enough goods to supply their wants and they will inevitably quarrel. Quarrelling must lead to disorder."³⁰ Today, the welfare of the people and economic development are the primary tasks of China's economic program. Its efforts to alleviate a large number of people from poverty are a remarkable achievement since the era of opening up. In such a society,

both individual's rights and duties are for 'enriching the country'. For Confucianism, a country is an embodiment of the family and individuals in the family fulfil their demands and duties to serve the larger goals of the country. These goals are social harmony and national unity and, therefore, they are more important than the personal demands of the individual which can be compromised for the order in the society. However, the submission of rights and duties to fulfil the goal of enriching the country did not restrict the freedom of investment and trade.

Another Confucian thinker, *Sima Qian* (145 BC) noted that businessmen of the pre-Qin period accumulated wealth by investing in the highest-yielding products in the right seasons. Sima Qian's philosophy is known as an ethical philosophy. It emphasises ethical justice as the basis for legal justice. For ethics, a social setting of individuals and groups requires them to join each other in unity, following the ethical ideas of benevolence and piety, to counter a common threat, i.e., nature. Ethical justice will in turn ensure the legal basis of justice for that society. Three aspects are deliberated upon regarding this proposition. First, originally, Confucius linked the adequacy of food and food itself as an idea that came next to the creation of heaven and earth. With the creation came the need for food and drink, and from there, economic life began.³¹ Second, it is also developed that food is a transactional commodity for religious relations. Individuals shared and offered sacrificial food, which helped establish legitimate norms for social interactions and religion as a social bond. Third, economic bases are justified for shaping a feudal society in pre-historic China. Ethical justice leading to social justice and finally shaping up as a legal code involves rationalising everyday exchanges of economic and political life. Therefore, the feudal system of politics and its hierarchical character were seen as a natural attribute for social and legal justice.

Such a legacy of the economic system based on social and ethical justice informs the contemporary economic governance model of China with its implications for the region.

The following sections highlight the system of economic governance in China and its regional implications.

China's Model of Economy

China's economic model is an investment-led model, an export-reliant economy, an infrastructure-friendly GDP, and an economic mechanism that follows supply to induce demand, resulting in more production.³² As a factory for the world, the Chinese economy was focused on producing and exporting. From a stagnant and closed economy to a vibrant and open economy, the agenda of reforms played a vital role in achieving this model. The opening-up era exposed Chinese economic governance structure and policy to the external economic programme of embedded liberalism. It was perceived that China would maintain its journey towards further liberalisation of the economy after this transition. Its ascension to the World Trade Organisation (WTO) was also welcomed as a move towards liberalisation but despite external influences and international norms, the Chinese economy identified itself as a socialist market economy where a hybrid model of economic governance is at play. It reflected a nuanced approach by integrating a global economic programme with its socialist aspirations. Globalisation and global economic governance impacted such an economic model by internalising the economic governance structure of external sources. However, the recent performance of the Chinese economy indicates a varying trend. The investment-led model of growth has been more accommodating towards the state-owned enterprises (SOEs) and an imbalance emerged in the much anticipated liberal model. It remained the major economic orientation since opening up and the over-reliance on SOEs and facilitations for them by the local governments through infrastructural assistance was mentioned by many as an

unbalanced mechanism.³³ The investment-led model of economic growth ignored domestic consumption and despite rigorous reform eras since the opening up decade, economic growth and change maintained a similar pattern. Explaining and understanding this particular pattern is important to analyse whether China's economy has the potential to become a global model or not.

The objectives and operations of the Chinese economic model are derived from a continuous process of reforms and transition. A review of such policies is given in Table 1 below.

Table 1
Major Policies of China's Investment Model 1981-2023

Reforms Policy	Policy Area	Policy Objective
Dual Track Pricing System 1981	Trade and investment	To gradually transition the economy from a centrally-planned governance structure to a market-led growth model
Rural Financial Reforms 1980-2000	Financial sector	To transition the rural population into urbanised citizens and improve financial conditions by an increase in surplus production
Reforms in the Banking System 1984-1990s	Financial sector	To encourage market-led management of the financial sector.
Shenzhen Stock Exchange 1990	Investment sector	To facilitate investors and companies and to organise the market on its own pattern.
Shanghai Stock Exchange 1990	Investment sector	To facilitate local and international investors further
Reforms of State-Owned-Enterprises (SOEs) 1990	Investment sector	To make SOEs more competitive and efficient.
Expansion of the Financial Market 2010	Investment and trade	To introduce new financial products and instruments for facilitating the private financing sector

One Belt, One Road Initiative 2013	Investment and trade	To promote China's financial cooperation across regions and continents
Shanghai-Hong Kong Stock Connect 2014	Investment sector	To establish better coordination for the existing stock exchange system
Deposit Insurance System 2015	Financial sector	To protect depositors and stabilise financial activity
Supply-side Structural Reforms 2015	Investment sector	To facilitate the supply side and support industrial policy
Yuan Internationalization 2015	Trade and investment	To promote the offshore Yuan market in several financial centres
Opinions on Promoting the Development and Growth of the Private Economy 2023	Investment sector	To support private business and investment

These reform programmes introduced global capitalist aspirations to the Chinese economy while keeping the internal system of economic governance intact. The eras of state formation and state transformations in China retained the debates on whether the state should imitate the Western economic policies or should there be a Chinese indigenous model of economy. The latter thought is represented by a group of reformists known as the *New Left*. The New Left has been the most significant voice since the early 1990s. Emerging as a response to the rapidly modernising China, it criticised the state's adoption of neoliberal policies and emphasised a return to socialism. Advocating statism and social justice, this group further diversified itself and is an influential movement in present-day China.³⁴ The emphasis of present-day economic policies on Chinese economics with a socialist character reflects such thought programmes. Their relevance for Chinese character reiterates historical context and the regional economic engagements are its manifestations.

RCEP: Regional Economic Policies and the Continuity of History

The PRC actively engages in economic integrative and interactive policies with its neighbours. It has initiated several bilateral and multilateral cooperatives in this regard. Regional Comprehensive Economic Partnership (RCEP) is an inter-regional economic partnership for trade and economic partnerships. One of the key components of this economic integration programme is developing free trade areas. China, through RCEP now, has a free trade agreement with ASEAN and its non-Asia members: Australia and New Zealand. Such an effort accounts for China's opening up policies for regional economic integration and promotion of free trade. The historical policies of low taxes for more investment, production, and enhanced economic activity for people's prosperity are evidently relevant through such programmes.

Put forward and driven by ASEAN, the negotiations for this agreement began in 2012 and in 2013 China's focus on the RCEP continued to ease trade laws. It is often analysed as a means for the PRC and Asian partners to redefine trade rules since the US is not a part of the agreement and expressed its concerns about an Asian trade partnership of this magnitude as a threat to the Western liberal order. The idea of an Asian trade partnership will only take the monopoly of the supply chains further away from the US control.³⁵ Employing competition mechanism logic, China's ambitions for its regional and global influence guide its regional multilateral choices. The withdrawal of the US from the Trans-Pacific Partnership (TPP) in 2017 left a power vacuum in the region, which is filled by China's quick accession to the RCEP. The regional partners also acknowledge that it is the TPP of the US that motivated China for the RCEP. However, the Chinese views depict it as an inevitability of domestic reforms.³⁶ The hyper-investment and production model of China's economy requires access to diverse markets while facilitating its investment and supply chain industry. RCEP lowers the tariffs for exports and eases market entry

barriers in Southeast Asia for the PRC. The RCEP has facilitated 30.4 per cent of China's total trade volume since becoming operational in 2022.

Among PRC and RCEP, exports and imports have expanded progressively. The number has increased to \$218 billion for imports and \$203 billion for exports on a year-on-year basis. Deciphering of the data shows trade of labour-intensive products and mechanical and electrical goods contribute to 52.1 per cent of exports and 17.8 per cent of imports. From the total share of the imports, agriculture products, metal ore, ore sand, and mechanical and electrical products make up 48.5 per cent, 9.6 per cent, and 6 per cent of China, respectively. Out of these imports, the PRC imported agricultural products worth \$6.79 billion from ASEAN only.³⁷ These numbers of the deconstructed data reflect the growing Chinese dependence on this trade partnership. A strong trade base is developed with diverse exports. The emphasis on labour-intensive trade and mechanical and electrical imports shows China's interest and focus on the traditional and advanced high-tech manufacturing industries.

During the negotiations, China emphasised strengthening its economic relations with its neighbours. It pushed for such provisions while negotiating that could benefit its key industrial sector which supports its trade and export-led economy. By developing a layout for the industrial production and Asia-based supply chain networks, RCEP is emphasised by China to enhance its regional economic relationships. Data from a few companies is represented in Table 2 to showcase the early yields of the RCEP for China.

Table 2
Tariff Data of Chinese Companies Benefitting from RCEP³⁸

China's Company/ Industry	Project Details	Impact of RCEP
Hohhot, Inner Mongolia/Sea Buckthorn Juice	Export to RCEP member countries.	The tariff rate has been reduced by 3 per cent improving competitiveness.
Saihan Customs	Distribution of RCEP certificates of origin	RCEP covers goods of 433 million yuan for exports
Inner Mongolia North Peace Textile Co.	Cashmere textile export	RCEP has facilitated low tariffs and from the year 2022 to 2024, 1 million yuan is saved.
Pearl River International Development Co., Ltd.	Digital economy and new energy resources.	Cumulative trading through a one-stop supply chain with an export value of 170 million Yuan through RCEP.

The emphasis on export enhancements through RCEP is a reinforcement of China's contemporary economic model. The export- and investment-led economy is yielding benefits for both its traditional and advanced and futuristic industries by profiting from the low tariffs and easy trade barriers. The agenda of free trade and economic integration of the region has references to Confucian thought. Such reflections highlight a continuity of policy from historical to contemporary affairs. The historic vision of maintaining a balance and leadership role is manifested as China is becoming the regional economic hub. Its 15-member RCEP aligns with its long-term agenda of regional economic integration. The Confucian ideals of harmony and ethical leadership, following its principles of righteousness and benevolence, create a narrative of a win-win partnership for its regional economic partners. The essence of mutual benefit is fostering connectivity, development, and mutual economic

growth while emphasising the existing economic model of the country.

Furthermore, one of the prominent principles of RCEP is the rule of origin (RoO) which signifies mutual benefit and economic growth.³⁹ It emphasises that a product or commodity which is manufactured in a member country will be traded under preferential taxation. It does not restrict this trade by any other measure even if the raw material or parts of the product are imported from non-member countries. It allows companies of the member states to benefit from lower taxes within the free trade bloc. Such an approach encourages the development of sustainable and long-term economic policies which is a significant aspect of Confucian thought. Bridging ancient wisdom with contemporary economic governance thought, the RCEP is an agreement for long-term and sustainable growth. China's participation in this agreement reflects a merger of the continuity of its historical economic orientation and the present-day economic model. Finally, it can be concluded that China's participation in the RCEP is in line with its existing economic model and the historical continuities of economic thought.

Conclusion

China's regional economic policies are often viewed as a threat to the regional economic balance but an analysis of the historical thought traditions and the resonance of these socio-economic programmes in the current policy choices reveal a pattern of the continuity of history. The PRC's regional economic policies are not aimed at threatening the existing order of regional economic governance and are rather a manifestation of its internal economic model. Its reliance on exports and production needs a favourable regional economic governance system and following the global demands of supply chain and trade regimes, it is strengthening these practices through its regional engagements. Its accession to the RCEP supports its trade model while securing the regional supply chain

industry. Therefore, the regional economic policies of the PRC are a manifestation of its internal economic model which in turn is a continuity of its history. Its outward economic approach is not a threat to its neighbours but a reflection of its ethical leadership narratives from the past.

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