

Rotary
Club of
Charlotte



REPORTER

January 8, 2019

CHINA'S GLOBAL POSITIONING

Shelley Rigger – Tate Nurkin – Mike Hawley



Davidson Professor and Asia Expert Shelley Rigger and Asia business strategist Tate Nurkin shared their observations and perspectives on past and current cultural, political and economic influences shaping China today at Charlotte Rotary on January 8.

Under President Mike's leadership meeting programming seeks to provide perspectives on important topics, none timelier than China, the country's strongest economic and military competitor.

As if the topic of China were not enough, a video – complete with overly melodramatic music – set an ominous tone. It showed the top 10 countries by Gross Domestic Product every year from 1962 to 2017. US GDP in 1962 was about 10 times the nearest country – the UK. China was down the list then but fell off in 1978. Mao, of course. China was back on in 1982, but really takes off in 2001 after joining the WTO. US economy is now about 1.7 times China and there are those who say the Chinese economy is larger than the US.

Following are some reflections from Rigger and Nurkin. I'll have to apologize, but I ran out of time and was not able to cover fully the presentations. However, the thoughts presented should give us pause – and impetus to learn more about a growing China and how the country's leaders should deal with the challenge in the future.

Rigger: How does a country with a political system that has so few of the attributes we generally associate with success in a modern world – responsiveness to public preferences and demands and accountability for actions of the state – be as successful as China is? Second, how does a country that doesn't follow the market-based model for rapid, sustained development overtake the rest of the world? Put another way, how does an economy with a very, very strong state roll become a rival to the US? How non-market or semi-market is China? What is the role of the state in the Chinese economy and is it sustainable?

Nurkin: While it is important to understand the social, cultural, political and economic institutions and concepts, it is equally important to understand the dimensions of a very sharp, very broad, very complex disruptive competition that is unfolding between the US and China, predominately, but with other countries in the region as well. It is important to understand the competition because it is already introducing disruptive dynamics into businesses that want to do business in China. He cautioned it is time – in an age of social media immediacy – to reintroduce nuisance to understand China. It has stolen technology for decades, but it is also now attempting to become an innovator on its own.

There is strong state control but there is also a move toward a more market economy.

Rigger: The US is the world's leading exemplar of the market economy. On the other hand, China, Japan and Germany are developmentalist states. The German government after the war adopted strong role in the economy developing conditions where chosen companies could be hyper-competitive. Japan in the 1980s adopted a similar position, manipulating resources and allocation to direct the energy of the private sector to industries that offered the most long-term promise. It's much the same for China. It is not a Marxist-Leninist state. It is more akin to Japan in the 70s and 80s where the government pushed industries with the most advantage to the Japanese economy. It's a good and bad model. Good in that it made Japan number three in GDP. But, since 1990 the growth rate has been flat, practically zero. It's a model that works to a certain point or has greatly diminished returns after a certain point. The great question for China is where is that point for them? How much longer is this a successful growth strategy for China and when will they meet that same wall the Japanese economy met in 1990?

Nurkin: It's a time for caution and prudence in dealing with China. Not too long ago the US Information & Communications Technology industry made \$23 billion in profits in China. No wonder there is a pushback from the Chinese. There are also significant indications of a slowdown in Chinese growth. The Chinese have generally announced it at more than 6 percent regardless of what it is. Announcing a slower growth rate would negatively affect markets. Proceed with caution when investing in China. There will be some bumps in the road. One leading Chinese economist said growth would be less than 2 percent, in the range of 1.67%. And the ICT industry there faces a tough regulatory environment in the west. There are discussions in China about whether the current economic model is the one to follow.

Ringer: Mao was a disaster. He tried to introduce classic Marxist Leninist doctrine and plunged China into backwardness. Those actions were totally unnecessary. Deng Xiaoping came to power in the late 1970s and took away the economic and cultural restraints and the party quit pressing the people down. Try a lot of things and see what works. The Chinese Communist Party has been given credit for pulling millions of Chinese out of poverty. What is closer to the truth is that the party threw them into poverty then quit pressing them down when they tried to rise up. Will Xi Jinping be able to lead the country as it faces new pressures within and without.

Nurkin: Xi Jinping probably made his job more difficult by his elevation to Leader for Life. Accountability will flow to him less than others because of this designation. He's under a lot more pressure today than a year ago. The anti-corruption campaign has been successful and has helped. He has been clever in the development of technology and it goes back several years. He has prioritized the development of technologies such as Artificial Intelligence, advanced manufacturing, 3D printing, and robotics. China imports more manufacturing robots each year than any other country. Xi Jinping has also seen the use of AI as a way of ensuring political, social, and economic stability by using Orwellian "social credit scores

Speaker Write-Up: Henry Bostic; *Head Table:* Mike Hawley, Shelley Rigger, Tate Nurkin; *Invocation:* Charlie Bones; *Visitors & Guests:* Herb Harriss; *Photos:* Bert Voswinkel; *Greeters:* Jay Westmoreland

CLUB NEWS

Lots of members were highlighted in various publications as Newsmakers over the last several weeks: Behind the Scenes – **Brent Cagle**; Who to Watch – **John Lassiter**; Community – **Bob Bowler & Hank Donaghy**; Government – **Dena Diorio & Joe Penner**; Politics – **Ed Driggs**; Human Services **Jan Kimble & Carol Hardison**;

Environmental Crusader: **Emilee Syrewicze**; Community Leaders & Nonprofit: **Catherine Browning**.

The Mecklenburg Bar Foundation awarded the 2018-2019 Ayscue Professionalism Award to **Pender McElroy**.

Stan and **Catherine Bracey** are still floating on air following the marriage of daughter Mary Clare Bracey to Alex Chinery this past weekend. Congratulations

New contact email for **John zumBrunnen**: johnzumbrunnen@outlook.com

Robert & Bob Freeman are hosting their annual Super Bowl Sunday party on February 3rd at SMS Catering. Pre-game 4PM; Game 6:30-10PM. \$20 per person (*Rotarians \$20 cover charge will be donated to The Rotary Foundation*) and registration at info@smscater.com or 704-536-1500.

The Rotary Foundation goal for 2018-2019 was set at \$45,000. Through the end of December, 2018 a total of \$25,440 has been donated to the Annual Fund and per capita is at \$88.64. ALL Rotarians are encouraged to support The Rotary Foundation. If you are not yet set up to make a donation (quarterly or annually), please contact the Rotary office for assistance – sandy@charlotterotary.org.

MEMBERSHIP

07/01/2018 288

01/09/2019 282

Net Increase: -6

New Members:

Approve for Membership (comments to Rotary office by 01/15/19)

Rick Fogle

Pat Fogle Agency Inc. - Allstate (*Classification: Insurance*)

Sponsor: Glenn Bouley

Endorsed: Chad Lloyd, Michael Wollinger

Travis Barnes

3>2.96 Communications (*Classification: Marketing, Social Media*)

Sponsor: Travis Vance

Endorsed: Kim Brattain and Em Syrewicze

Visitors 14

Club Members 140

Total 154 (59.6%)

Guests: Brad Thomas, Ashley Hedrick, John Galles, Gina Esquivel, Ronald Belton, Kent Harrell, Joanne Pugsley, Hunter Jones, Lily Rowland, Adi Sridaran, Ming Liu, Rick Fogle

BIRTHDAYS (12/26/18 – 01/16/19) **catching up the last couple weeks of the year**

12/26 Andy Dinkin

12/28 Kip Kiser

12/30 Ed Kizer, Van Hall

12/31 Ralston Pound

01/03 John Nicolay

01/04 Nancy Roberson, Doug Bean, Jim Kothe

01/05 Angela Broome Powley

01/08 Parker Cains, Bob Finley
01/11 Kandi Deitemeyer
01/12 David Auger

WEDDING ANNIVERSARIES (12/26/18 – 01/16/19)

12/27 Ruth & Ed Wadsworth
12/28 Elizabeth Teagarden & Scott Anderson
12/29 Beverly & Jim Kothe
12/30 Alice & Benton Bragg; Sylvia & Phil Van Hoy
12/31 Courtney & John Ramey
01/04 Leslie & Mac McCarley
01/05 Carole & Kip Kiser
01/15 Jenn & Quinton Gibson

ROTARY ANNIVERSARIES (12/26/18 – 01/16/19)

01 years – Catherine Horne
07 years – Jerry Bryson
10 years – Art Ringwald
11 years – Jon Hannan
14 years – Alice Harrison; Tom Cottingham
18 years – Benton Bragg; Russell Ranson
19 years – Brian Gibson
24 years – Doug Bean
27 years – David Anderson
28 years – Bob Knight
29 years – Jim Woodward
30 years – Luther Fincher; Dick Klingman
32 years – Rex Welton
37 years – Henry Bostic
42 years – Rock Miralia

UPCOMING PROGRAMS

01/15 – International Rotary Projects panel with Jim Hintz (Peru), Firoz Peera (Global) and John Tabor (Haiti)
01/22 - Egbert L. J. Perry - Chairman, Fannie Mae and CEO of Integral Group
01/29 – Lynn Good – CEO, Duke Energy
02/05 – Excellence in Leadership Award ([Myers Park Country Club](#))

Photos from our luncheons and other events can be found on Flickr [Click here](#)





Rotary
Club of
Charlotte



charlotterotary.org 704.375.6816
1850 East 3rd Street | Suite 220 | Charlotte, NC 28204 USA
Rotary Club of Charlotte