The Impact of China’s Economic Policies on Public Administration and Foreign Relations in a Global Perspective

Kailin Zhu¹ and Ahmad Zubir bin Ibrahim²

Abstract

In today's globalized world, China's economic policies have a profound impact on public administration and diplomatic relations. With the rise of the economy, Chinese policies have attracted international attention. The public administration system responds to economic challenges and continuously evolves to adapt to domestic and international environments. Foreign policy is also influenced by economic policies, reflected in trade and international cooperation. Understanding the impact of China's economic policies on public administration and diplomacy is crucial for grasping the global political and economic landscape and promoting international cooperation. The evolution of Chinese policies is not only a reflection of internal development, but also profoundly affects the direction of international relations.

Keywords: Policy Evolution, Challenges of Globalization, Multilateral Cooperation, Cross-Border Interaction

INTRODUCTION

The rapid growth of China’s economy and the elevation of its global status have made its economic policies have a significant impact on the international community. The unique socialist market economy system in China, as well as the policy evolution since the reform and opening up, have provided rich materials for global economic research. China is the world's second-largest economy, and economic reforms have introduced market mechanisms and trade openness, driving growth and making China a leader in manufacturing and trade. Although the growth rate has slowed down, the government has actively responded through strategies such as innovation and "Made in China 2025". This study aims to comprehensively analyze the history, characteristics, and impact of China's economic policies on the domestic and international economy, society, and environment, explore their contributions to the global economic landscape and sustainable development, and enhance understanding of China's economic role.

THE EVOLUTION OF CHINA'S ECONOMIC POLICY SINCE THE REFORM AND OPENING UP

Characteristics Of China's Economic Development Model

China has successfully combined the socialist system with the market economy. Deng Xiaoping clarified the possibility of combining the two in his 1992 Southern Tour, pointing out the direction for economic system reform (Yulijie & Shania Sedola, 2024). Through practice, China has established a socialist market economy system, which has stimulated economic vitality and leveraged the advantages of the socialist system. In terms of ownership, we adhere to the principle of public ownership as the mainstay, while recognizing the common development of various forms of ownership economies, and choose suitable forms of ownership based on national conditions and productivity levels (Liu Yaocheng & Zhan Wenqing, 2024). Since the reform and opening up, the subjectivity and dominance of public ownership have been clarified, ensuring the stability of the socialist system and value principles. At the same time, the Constitution and laws confirm the protection of the non-public economy, promoting diversified economic development.

As shown in Figure 1

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Changes In China's Status In The Global Economy

In the recent past, China has experienced a significant shift in its economic landscape, transitioning from a conventional centrally-planned system to becoming one of the most vibrant and swiftly expanding economic forces globally. This transformation has significantly enhanced China's position on the global economic stage, making it an important force in the global influence (Wang Hongyu, 2023). China's economic rise is undoubtedly a remarkable economic achievement of today. In retrospect, in 1978, China's GDP was relatively low, leaving a gap with some developed countries. However, by 2018, China's total foreign trade grew by a staggering $8.2 trillion, making it the world's second-largest economy after the United States. In this process, China's share of global GDP has also increased significantly, rising from 1.8% in 1978 to 15% in 2018. This significant economic growth has benefited from many factors, including the structural reforms implemented since 1978, the huge labor resources, and the abundant natural resources. However, in recent years, China's economic growth has begun to adjust due to slowing domestic demand. As a result, China's contribution to global GDP growth has also declined, from about 35% in 2007 to about 25% now. Still, China's economy is growing ahead of any other major economies. Despite the challenge of economic growth adjustment, the vitality and potential of the Chinese economy still can not be underestimated (Li Wenbo, 2022; Rashid et al., 2023). Its continuous structural optimization, technological innovation and market opening have laid a solid foundation for its future development. As shown in Figure 2
If China and the United States are placed within a unified framework, examine the distribution of conditions under which policies affect China’s financial situation and economic growth. Specifically, this article sets the following quantile regression model

\[ y_{t+h} = \alpha(h) + \beta_1^{\tau}(h)x_t + \beta_2^{\tau}(h)x_t^* + \epsilon_{t+h} \quad (1) \]

Among them, it represents the average GDP growth rate from t to t+h in the future, xt includes the current domestic GDP growth rate and the domestic financial condition index, and the corresponding xt also includes the current US GDP growth rate and the US financial condition index. The Conditional Quantile Function (CQF) is solved through the following optimization problem

\[ Q_{\tau}(y_{t+h} | x_t) = \arg\min_{q(x_t)} \mathbb{E}[\rho_{\tau}(y_{t+h} - q(x_t))] \quad (2) \]

\[ \rho_{\tau}(y_{t+h} - q(x_t)) \] represents the objective quantile loss function, which is different from the symmetric squared loss function in least squares regression. The quantile loss function punishes different errors asymmetrically to fit the conditional quantile function. Assuming that the conditional quantile function (CQF) has a linear function form

\[ \beta_{\tau} = \arg\min_{b} \mathbb{E}(\rho_{\tau}(y_{t+h} - x_t^* b)) \quad (3) \]

In order to identify the relative contribution of domestic and foreign structured shocks to the growth of domestic insurance, we first use OLS regression to orthogonally decompose domestic financial variables and foreign financial variables

\[ CFCt = a + bNFCt + u_t^\perp \quad (4) \]

Figure 2 Overview of China’s GDP from 1978 to 2018

Comparison with the European and American Countries

In 2019, advanced economies such as the United States and Europe are expected to see GDP growth of around 2%, while China’s GDP growth is expected to be around 6% (Wang Ziyue, 2020; Prihandarini, & Murni, 2018; Janet et al., 2020). This means that China will continue to play an important role in driving world economic growth in the next few years. The rise of China as an economic power has had a profound impact on both developed and developing countries in the world. One of the most important effects is the trade flows. In 2000, China’s exports were just $250 billion, less than 3 percent of total global exports. By 2017, its total exports had reached $2.3 trillion, up more than tenfold, making it the world’s largest exporter. The big growth in China’s exports is driven by a combination of factors, including cheap labor costs, favorable government policies and an undervalued yuan (Fan Wei, 2019; Ugwuanyi, 2016; Kongmanus, 2016). The growth of Chinese exports has had a profound impact on many industries around the world. In particular, it led to "deindustrialization" in developed countries such as the United States and Europe, where companies moved production to less costly areas such as China, leading to the loss of manufacturing jobs (Jam et al., 2018). The loss of manufacturing
jobs has exacerbated the income inequality and political polarization in these countries. This also poses challenges for policymakers who try to reduce carbon emissions and promote sustainable development. As shown in Figure 3

![Figure 3 Comparing economic growth over the past decade](image)

### The Impact Of China's Economic Policy On Domestic Development

The Chinese government has implemented multiple policies to promote economic restructuring and improve the quality and efficiency of development. In terms of fiscal policy, increase investment in infrastructure and technological innovation, optimize expenditure structure, improve public service coverage and quality, while reducing taxes and fees to alleviate the burden on enterprises and stimulate market vitality. In terms of monetary policy, emphasis is placed on stabilizing the money supply and ensuring reasonable and sufficient liquidity. Measures such as targeted reserve requirement reductions and re-lending are taken to guide financial institutions to support the real economy. Strengthen financial supervision, prevent financial risks, and maintain financial stability. These policies promote industrial upgrading and innovative development, enhance international competitiveness, while also promoting employment growth and increased household income, and improving living standards. As shown in Table 1

<table>
<thead>
<tr>
<th>Policy areas</th>
<th>Main policies</th>
<th>Impact effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>fiscal policy</td>
<td>Increase investment in infrastructure construction and technological innovation</td>
<td>Promoting economic growth and improving public services level</td>
</tr>
<tr>
<td></td>
<td>Tax reduction and fee reduction</td>
<td>Reduce the burden on enterprises and stimulate market vitality</td>
</tr>
<tr>
<td>monetary policy</td>
<td>Stabilizing the money supply and maintaining liquidity</td>
<td>Maintaining financial stability and supporting the real economy develop</td>
</tr>
<tr>
<td></td>
<td>Targeted reserve requirement reduction and refinancing</td>
<td>Guide financial institutions to increase their support for the real economy</td>
</tr>
<tr>
<td>Financial market regulation</td>
<td>Strengthen financial supervision, prevent and resolve financial risks</td>
<td>Maintaining financial stability and protecting the rights and interests of investors</td>
</tr>
<tr>
<td>Industrial development</td>
<td>Promote industrial upgrading and innovative development</td>
<td>Enhancing international competitiveness and promoting economic growth</td>
</tr>
</tbody>
</table>

### THE IMPACT OF ECONOMIC POLICY ON PUBLIC ADMINISTRATION

### Resource Allocation and Management

The impact of economic policy on public administration is particularly significant in resource allocation and management. The economic policy of the government directly shapes the flow and utilization of resources, so
it presents new challenges and opportunities for the allocation and management of resources in the public administration departments (Li Jiucheng, 2023). With the rapid economic development, the public administration must flexibly adjust the resource allocation strategy to adapt to the changing economic needs. This could entail giving precedence to investing in crucial sectors of economic growth, namely infrastructure development and advancements in science and technology, aiming to enhance the refinement and modernization of the economic framework (Meng Yun, 2023). At the same time, the public administration departments also need to pay attention to ensure the fairness and rationality of resource allocation, to avoid the excessive concentration of resources in some regions or industries, leading to the waste or unfairness of resources. Therefore, the adjustment of economic policy not only requires the public administration department to have the flexible resource management ability, but also needs it to pay attention to the principle of fairness, efficiency and sustainable development in the process of resource allocation, so as to achieve the dual goals of economic growth and social stability. As shown in Table 2

**Table 2 Allocation and management of public resources in China**

<table>
<thead>
<tr>
<th>In terms of impact</th>
<th>describe</th>
<th>Challenges and Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource allocation strategy</td>
<td>Economic policies shape the flow and utilization of resources</td>
<td>Flexible adjustment to meet economic needs</td>
</tr>
<tr>
<td>Key areas of economic growth</td>
<td>Priority investment in infrastructure construction and technological innovation</td>
<td>Optimizing economic structure and promoting industrial upgrading</td>
</tr>
<tr>
<td>Fairness and Reasonableness</td>
<td>Ensure that resource allocation is not concentrated on specific regions or industries</td>
<td>Avoiding resource waste and unfairness</td>
</tr>
<tr>
<td>Flexible resource management capability</td>
<td>Adapt to economic policy adjustments and efficiently manage resources</td>
<td>Responding to economic changes and achieving maximum resource utilization</td>
</tr>
<tr>
<td>Fairness, Efficiency, and Sustainable Development</td>
<td>Pay attention to these principles in resource allocation</td>
<td>To achieve the dual goals of economic growth and social stability</td>
</tr>
</tbody>
</table>

**Administrative Efficiency and Responsibility**

The adjustment of economic policy also puts forward new requirements for the administrative efficiency and responsibility performance of the public administration departments (Ye Shulan, 2024). Amid the swift progression of economic development, public administration must enhance its operational efficiency to effectively address the challenges arising from economic transformations. This may involve reform measures to optimize administrative processes, simplify approval procedures, and improve the level of public services, so as to reduce administrative costs, improve work efficiency, and provide a more convenient service environment for economic development. At the same time, the public administration departments also need to strengthen the sense of responsibility; it is essential to fortify the monitoring and assessment of policy implementation to guarantee its effective execution and fulfillment of intended outcomes, thus satisfying expectations (Du Zheyuan, 2023). This means that the public administration needs to establish an effective supervision mechanism and accountability system, track and evaluate the progress and achievements of the work in a timely manner, find problems in time and take effective measures to solve them, so as to ensure the fairness, transparency and efficiency of the administrative work (Liu Ailing, 2024). Therefore, the adjustment of economic policy not only requires the public administrative departments to have the ability to work efficiently, but also requires them to actively take responsibility to ensure the smooth implementation of the policies and provide strong support and guarantee for economic development. As shown in Figure 4
Public Administration Reform and Innovation Driven by Economic Policies

Economic policies are an important driving force for promoting public administration reform and innovation. With the continuous development of the Chinese economy and policy adjustments, the public administration system is facing increasingly complex challenges and opportunities. In order to meet the needs of economic development, improve administrative efficiency and service quality, the Chinese government actively promotes public administration reform, continuously improving the modernization level of public administration through optimizing institutional settings, simplifying administrative approval processes, and strengthening information technology construction. At the same time, innovation has also become an important direction for public administration reform. The government encourages administrative agencies at all levels to actively explore new management models and service methods to meet the growing needs of the people for a better life. Driven by economic policies, public administration reform and innovation will continue to deepen,
providing stronger support for economic and social development. As shown in Table 3

### Table 3 Policy Reform and Innovation

<table>
<thead>
<tr>
<th>Economic policy driving factors</th>
<th>Direction of Public Administration Reform</th>
<th>Innovative Practice of Public Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic globalization</td>
<td>Strengthening international cooperation and exchanges</td>
<td>Establishment of cross-border cooperation mechanism</td>
</tr>
<tr>
<td>Market-oriented reform</td>
<td>Simplify administration and delegate power, stimulate market vitality</td>
<td>Implementation of negative list system</td>
</tr>
<tr>
<td>Innovation driven development</td>
<td>Enhancing technological innovation capabilities</td>
<td>Innovation laboratory construction</td>
</tr>
</tbody>
</table>

**China's Economic Diplomacy Practice in International Organizations and Multilateral Platforms**

China has achieved fruitful economic and diplomatic practices in international organizations and multilateral platforms. China actively participates in organizations such as the WTO and G20, promotes the construction of an open world economy, and opposes trade protectionism. By signing multiple free trade agreements, China promotes regional economic integration and contributes to global trade liberalization. In addition, China holds events such as the International Import Expo to build a bridge for international economic and trade cooperation. In addressing global challenges such as climate change, China actively assumes international responsibility and promotes green development. These practices not only enhance China's international influence, but also make important contributions to the stability and development of the global economy. In the future, China will continue to uphold the concept of open cooperation, strengthen economic exchanges and cooperation with other countries, and jointly promote the prosperity and development of the global economy. As shown in Table 4

### Table 4 Economic Diplomacy Practice

<table>
<thead>
<tr>
<th>Economic Diplomacy Practice</th>
<th>primary coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in international organizations</td>
<td>Joining the WTO, G20, etc. to promote an open world economy</td>
</tr>
<tr>
<td>Free trade agreements</td>
<td>Signing multiple agreements to promote regional economic integration</td>
</tr>
<tr>
<td>Holding economic and trade activities</td>
<td>Organizing international import expos, etc. to promote international economic and trade cooperation</td>
</tr>
</tbody>
</table>

**THE IMPACT OF CHINA'S ECONOMIC POLICY ON DIPLOMATIC RELATIONS**

Promotion and Development Of Belt And Road

In 2013, Chinese President Xi Jinping first expounded on China's vision for rebuilding the Silk Road Economic Belt at a meeting in Kazakhstan. The goal of the initiative is to link China with Europe, the Middle East, Central Asia, and Africa. In 2015, the Chinese government standardized the transition of the initiative to the Belt and Road initiative (Xu Jin, 2023). The development of the Belt and Road initiative aims to strengthen China's cooperation with the rest of the world by embracing broader information technology. Application, cultural diversity, economic globalization, and the development of a multipolar world. The initiative focuses on ensuring deep market integration, efficient allocation of resources, the free flow of the economy, and the promotion of China's economic growth (Dai Pengfei, 2023). The objectives of these initiatives include policy coordination through the establishment of communication mechanisms and multi-level governmental macro policies. The initiative focuses on connecting unconnected roads by improving technical standards and bases. Infrastructure network to facilitate connectivity. As shown in Figure 5 and Table 3

### Table 3 Economic levels of all continental countries in the world

<table>
<thead>
<tr>
<th></th>
<th>Low income countries</th>
<th>Middle income countries</th>
<th>high income country</th>
<th>Total (pieces)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>24</td>
<td>27</td>
<td>1</td>
<td>52</td>
</tr>
<tr>
<td>Asia</td>
<td>3</td>
<td>28</td>
<td>9</td>
<td>40</td>
</tr>
<tr>
<td>Europe</td>
<td>0</td>
<td>10</td>
<td>17</td>
<td>27</td>
</tr>
<tr>
<td>Oceania</td>
<td>0</td>
<td>7</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>South America</td>
<td>0</td>
<td>7</td>
<td>2</td>
<td>9</td>
</tr>
</tbody>
</table>
The Impact of China's Economic Policies on Public Administration and Foreign Relations in a Global Perspective

<table>
<thead>
<tr>
<th>North America</th>
<th>0</th>
<th>9</th>
<th>4</th>
<th>13</th>
</tr>
</thead>
<tbody>
<tr>
<td>total</td>
<td>27</td>
<td>88</td>
<td>37</td>
<td>152</td>
</tr>
</tbody>
</table>

Figure 5 Country data

The Value of China's Multilateral Diplomacy Follows Suit

China's multilateral diplomacy strives to amplify the voices of developing nations within global institutions and forums, dismantling the monopoly held by a few major powers over decision-making and influence within crucial international organizations, and injecting Chinese elements into multilateralism (Morin, 2021). Fostering partnerships between nations in the Southern hemisphere and nurturing dialogues with the Northern hemisphere to reduce disparities in development levels.

Upholding the sovereignty of the United Nations and its foundational charter, ensuring compliance with its established guidelines, opposing the bypassing of the UN Security Council in other countries; respecting and upholding the effectiveness of multilateral treaties and agreements, and advocating for multilateral cooperation to address non-traditional security challenges such as terrorism, cyber security, warming and infectious disease crises. The global outbreak of COVID-19 in 2020 has posed a serious threat to all countries, further highlighting the importance of multilateral cooperation and China's special contribution in the fight against the epidemic (Tan Zongze & Fu Dafeng, 2021). China endorses the vital transformation and enhancement of worldwide organizations. However, it emphasizes the importance of adhering to a model that involves comprehensive deliberation, collective responsibility, and mutual gains. It champions the creation of a just and balanced novel international hierarchy along with a global governance framework. Moreover, China articulates its standpoint and strategic initiatives on the international stage, utilizing multilateral conferences and an array of discussion platforms to communicate its vision. The "Chinese wisdom" and "Chinese power" of multilateral diplomacy are increasingly emerging. As shown in Figure 6
In recent years, with the improvement of national strength and influence, China's overall diplomatic layout has undergone significant changes (Wang Lianwei and Xia Wenqiang, 2021). It has paid more attention to global governance and regional governance, explained its diplomatic ideas through multilateral diplomacy, demonstrated the image of a major country, served the comprehensive opening up, and advocated the advancement of a stable and progressive international framework and the evolution of the global trade system are advocated (Tan Zongze & Fu Dafeng, 2021). A hallmark of China's distinctive approach to diplomacy is its commitment to the principles of multilateral cooperation, while actively countering the tendencies of unilateral actions, ideologies reminiscent of the Cold War era, and any form of dominance-based politics. Rely on the important multilateral framework at the global and regional level, such as the United Nations, G 20, APEC, and At present, China's multilateral diplomacy has made great progress in building a community with a shared future at different levels, this content has received favorable appraisals from the international community, thus contributing to the advancement of global peace and development, fairness and justice, and the reform of the global governance system. As shown in Figure 7.
CONCLUSION

China's economic policies have played a significant role in corporate economic governance and structural restructuring. Research shows that the role of the government in resource allocation and economic blueprint planning has provided strong support for the country's economic development. In terms of foreign relations, China has enhanced its international status through measures such as the Belt and Road Initiative and promoting Chinese innovation. As a key link of multilateral and bilateral cooperation, economic diplomacy plays a supporting role in supporting domestic and foreign economic growth. At the same time, China has influenced its international ideas through its soft power to further complement its financial and economic power. From a global perspective, China's foreign and public administration economic policies are a process of continuous evolution, which requires in-depth interaction between domestic administration and economic policies. Therefore, it is particularly important to strengthen the cooperation and dialogue between China and its international economic partners, and to establish a common understanding based on interdependent relations.

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