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# *XIAO* AS A WAY TO THE FUTURE CAPITAL LEADERSHIP OF THE ASIAN-PACIFIC REGION FOUNDED ON CONFUCIAN VALUES (BASED ON THE CHINESE EXAMPLE)

**Abstract:** In this paper we analyse the link between so high savings rate in China and the cultural values influencing the behaviour of Chinese citizens. We try to answer the question why any of the existing models describing the savings behaviour does not work in China. Although the subject is very complex, we suggest that *xiao* is reflected in the high savings rates and constantly rising values of private savings through the *mental accounting* process – a phenomenon described by R. Thaler and then by H. Sherfin. We also present the possible directions of the future Chinese capital flows (arising from the capital accumulation) and their political consequences for the power of the region.

**Keywords:** capital accumulation, power, financial markets, mental accounting, culture.

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## Chia Jên/The Family

"The family is society in embryo; it is the native soil on which performance of moral duty is made easy through natural affection, so that within a small circle a basis of moral practice is created, and this is later widened to include human relationships in general."[1]

## Chieh/Limitation. Success

"If we live economically in normal times, we are prepared for times of want. To be sparing saves us from humiliation. Limitations are also indispensable in the

[1] *I Ching. Book of Changes*, translated by R. Wilhelm, C.F. Baynes, 3rd ed., Bollingen Series XIX, Princeton University Press, Princeton, NJ, 1967, http://www.pantherwebworks.com/I_Ching/ (retrieved: 29.05.2014).

regulation of world conditions. In nature there are fixed limits for summer and winter, day and night, and these limits give the year its meaning. In the same way, economy, by setting fixed limits upon expenditures, acts to preserve property and prevent injury to the people."[2]

Usually economic power of the state is defined by GDP data[3] (although influenced by other factors[4]). The state power is relative and their dynamic moves within the cycle.[5] But in the era of financialisation GDP has become more sensitive to the financial condition of the country than to "real" factors such as population or resources. From that point of view China seems to be different from Western countries. The major difference is visible in the level of savings which exceeded 50%. Such a high level of savings is not fully explained. The most interesting question is what kind of values is conducive to such a high level of savings? Why has the Chinese household's level of savings reached almost 30% and is still accelerating? How can that fact influence the future of the Asia-Pacific region? To answer those questions the role of *xiao* (filial piety) will be examined with full awareness of the fact that the relationship between Confucianism and the economy is very important and broad[6] but due to the space limitation cannot be fully analysed.

*Xiao* – broadly known as the filial piety – is a very deep and complex concept – much deeper than just described by the word "respect" used by M. Weber.[7] M.J. Kűnstler stressed out that filial piety is not just the emotional relationship, it is rather an expression of mutual interdependencies within the family circle and, based on those foundations, within the country.[8] *Xiao* is rather a set of duties toward the family and state. *Xiao* requires also a faith not only in the parents but also in the ruler of the country.[9]

In the Confucian tradition the family is the single human institution to which persons are most likely to give themselves utterly and unreservedly. To transform the world into a family, according to the Confucian sensibility, *is to promote the model that will best accomplish the goal of getting the most out of your constitutive relations by applying the logic that when your sibling does better, and by extension when your*

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[2] *Ibidem*.

[3] M. Sułek, Parametry potęgi (siły) państwa – stałe czy zmienne?, [in:] M. Sułek, J. Symonides (eds.), *Państwo w teorii i praktyce stosunków międzynarodowych*, Wydawnictwo Uniwersytetu Warszawskiego, Warszawa 2009, p. 71.

[4] *Ibidem*, pp.. 68–80.

[5] Ch.F. Doran, *System in Crisis. New Imperatives of High Politics at Centaury's End*, 2nd ed., "Cambridge Studies in International Relations", Cambridge University Press, Cambridge 2008, pp. 59–89.

[6] M. Weber, *Etyka gospodarcza religii światowych*, t.1: *Taoizm i konfucjanizm*, Nomos, Kraków 2000.

[7] *Ibidem*, pp. 168–170.

[8] M.J. Kűnstler, *Sprawa Konfucjusza*, Iskry, Warszawa 1983, pp. 128–130.

[9] *Ibidem*, p. 129.

*neighbour does better, you do better*[10]. But *the family is not only a natural community but also the social body which has to secure education, nutrition, and survival of its members generally on its own – it is a place of specific ethical commitment.*[11] Theses cultural duties differ from the "western" habits of expenditures and savings as expressed by F. Modigliani in the life cycle hypothesis. High private savings are just the expressions of the personal responsibility for the family.

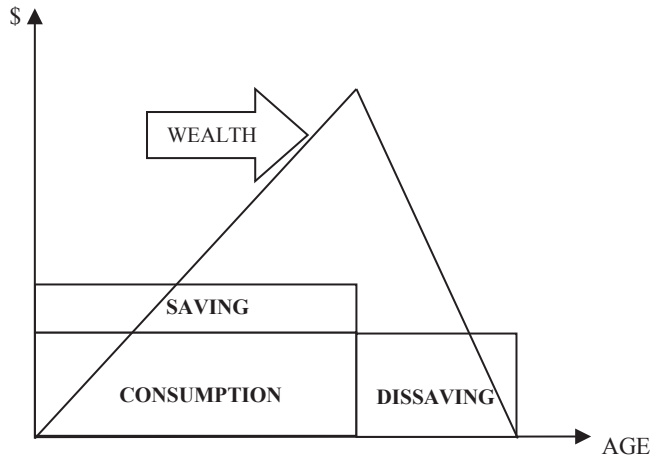


**Figure 1.** Life cycle hypothesis

Source: F. Modigliani, Life cycle, individual thrift, and the wealth of nations, *The American Economic Review* 1986, vol. 76, no. 3, p. 300.

From 1959 to 1977 the household saving rate averaged only 3.9% (compared to 8.9% in the USA).[12] Transition from low to high savings rate began in 1978 corresponding to market based reforms. In 2008 the household savings rate surpassed 27%[13] and became the highest in the world. We will try to examine the assumption that such a high private savings rate is driven by cultural values (*xiao*) and can be explained using the mental accounting concept.

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[10] R.T. Ames, What is Confucianism?, [in:] W. Chang, L. Kalmanson (eds.), *Confucianism in Context*, State University of New York Press, Albany 2010, pp. 78, 79.

[11] H. Roetz, *Confucian Ethics of the Axial Age. A Reconstruction under the Aspect of the Breakthrough toward Postconventional Thinking*, State University of New York Press, Albany 1993, p. 66.

[12] Ch.C. Curtis, S. Lugauer, N.C. Mark, *Demographic Patterns and Household Savings in China*, NBER Working Paper, no. 16828, February 2011, www.nber.org/papers/w16828 (retrieved: 1.06.2014), p. 2.

[13] *Ibidem*.

Mental accounting is a descriptive way of recording, summarizing, analysing and reporting the results of transaction and other financial events performed by individuals and households.[14]

R.H. Thalers pointed out three components of mental accounting:[15]

1. How outcomes are perceived and experienced, and how decisions are made and subsequently evaluated. The accounting system provides the input to do both *ex ante* and *ex post* cost-benefit analysis.

2. The assignment of activities to specific accounts. Both the sources and uses of funds are labelled in the real as well as in the mental accounting system.

3. The frequency with which accounts are evaluated (accounts can be evaluated daily, weekly, yearly on so on).

Mental accounting violates the economic notion of fungibility. Money in one mental account is not a perfect substitute for money in another account.[16] For that reason money collected and mentally labelled as savings will not be transferred for the spending purposes. But the primary reason to study mental accounting is to enhance the understanding of the psychology of choice. For the family, savings are the guarantee of fulfilling the duties included in the *xiao* value, such as education of the young generation, the wealth of parents regardless of their age and finally for the Usually the nature of the savings rate confirms behaviours derived from the general demographic trends that observed savings rate is driven primarily by the reduction of family size and relatively large size of today's working population.[17] But it seems that the question: *why is China's household savings rate so high?* cannot be explained by any economic theory. D.T. Yang, J. Zhang, and S. Zhou reviewed a number of studies and came to the conclusion that none of the well-known models such as Keynesian absolute-income hypothesis, Modigliani-Brumberg's life cycle theory, Friedman's permanent income hypothesis together with alternative hypotheses give conclusive findings for the savings behaviour of the Chinese.[18]

For example they point out that instead of consuming more to smoothen lifetime consumption, the Chinese household continues to save more in anticipation of higher future income. Moreover, the age-savings profiles of Chinese households gradually turned into a U-shape pattern, which is inconsistent with the hump-shaped profile implied by life cycle hypothesis.[19]

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[14] R.H. Thaler, Mental accounting matters, *Journal of Behavioral Decision Making* 1999, vol. 12, p. 184.

[15] *Ibidem*.

[16] *Ibidem*, p. 185.

[17] Ch.C. Curtis et al., *op.cit*., p. 13.

[18] D.T. Yang, J. Zhang, S. Zhou, *Why are savings rate so high in China?*, NBER Working Paper, no. 16771, February 2011, www.nber.org/papers/w16771, p. 20 (retrieved: 1.06.2014).

[19] For the detailed studies and other inconsistencies please review the working paper of D.T. Yang, J. Zhang, S. Zhou, *op.cit*., pp. 20–26.

But what if we drop the theory of the life cycle-hypothesis based on the single human being life time cycle? What if we extend the cycle e.g. for the next two or three generations to let them fulfil the duties imposed by the Confucian ethics? From the economic point of view it means that China may accumulate an excess of capital during next 30–60 years. But such a trend will also have geopolitical impact.

Taking into account that for now private savings are mainly held within the banking sector, the first change should lead to the diversification of asset classes (e.g. equities) and currencies. But such a change requires both legal and market changes.

The demand for new markets and new products is already growing. We can spot it based on the insurance sector development. The demand for new financial products is illustrated by the rapidly growing assets of insurance companies after their inception in 2002 (Table 1).

**Table 1.** Mainland China – situation of assets of insurance company ($100 million)

| Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total assets | 763.6 | 1098.0 | 1444.3 | 1894.2 | 2441.6 | 3958.6 | 4894.6 | 5952.0 | 7640.6 | 9504.2 | 11804.0 |
| Property insurance (% share) | 15.0 | 12.9 | 11.8 | 11.2 | 12.3 | 13.4 | 14.0 | 12.0 | 11.6 | 13.2 | 12.9 |
| Life insurance (% share) | 81.7 | 84.3 | 86.0 | 88.0 | 91.6 | 80.4 | 81.2 | 82.8 | 84.5 | 83.2 | 82.9 |

Source: *China Statistical Yearbook 2013*, National Bureau of Statistics of China, www.stats.gov.cn/english (retrieved: 27.06.2014).

But the Chinese financial system (especially the Chinese capital market) is still at the early stage of development – particularly with respect to:[20]

- quantity and quality of listed companies (mainly state owned or controlled by the state),
- quantity and quality of institutional investors,
- types of institutional investors (e.g. asset management companies, pension funds),
- variety of financial product,
- their capacity for proper allocation of capital,
- diversification of risks.

But liquid and efficient financial markets cannot arise overnight. This is a time consuming and sometimes painful process spread out over decades and more complex than the process of savings accumulation. The problem of new investment

[20] F. Allen, J. "QJ" Qian, Ch. Zhang, M. Zhao, *China's Financial System: Opportunities and Challenges*, NBER Working Paper, no. 17828, February 2012, www.nber.org/papers/w17828, pp. 7–12, 23–47 (retrieved: 1.06.2014).

types in the medium run (e.g. in 5–10 years) can be only partially solved internally. For example in April 2014 the Chinese government announced that it will open up more than 80 infrastructural projects to attract private capital.[21] But such investments are not liquid and dedicated for the long-run savings projects. The internal solutions will not satisfy the requirements in terms of currency or asset classes diversification (which is crucial for effective investment). The problem may be solved externally by exploring the highly developed markets of other G-20 countries (Table 2).

**Table 2.** Market capitalisation of G-20 countries, 26 June 2014

| Country | % of total world capital | % of GDP | Country | % of total world capital | % of GDP |
|---|---|---|---|---|---|
| USA | 36.2 | 143.4 | Brasil | 1.6 | 39.4 |
| Japan | 7.2 | 78.0 | Spain | 1.3 | 53.3 |
| UK | 6.3 | 162.8 | Russia | 1.1 | 40.3 |
| Mainland China (without Hong Kong) | 5.0 | 45.9 | Italy | 1.1 | 28.8 |
| Canada | 3.6 | 120.2 | Saudi Arabia | 0.8 | 69.6 |
| France | 3.4 | 77.7 | South Africa | 0.8 | 119.6 |
| Germany | 3.1 | 56.0 | Mexico | 0.8 | 43.2 |
| India | 2.3 | 60.8 | Indonesia | 0.6 | 40.9 |
| Australia | 2.2 | 94.8 | Turkey | 0.4 | 29.4 |
| Sought Korea | 1.9 | 107.7 | Argentina | 0.1 | 10.9 |

Source: Bloomberg, WCAP [GO], [27.06.2014].

This solution refers not only to the private savings. It also refers to other types of savings and financial needs. The understanding of the whole picture requires a broader view of other types of savings and the state's financial position.

D.T. Yang, J. Zhang, and S. Zhou stress four interrelated aspects of Chinese savings:[22]

a) persistently high savings rate between 34 and 53% of the GDP in the past 0 years,

b) an outlier in international comparison, that is, having one of the highest savings rate among all nations since 2000,

c) surge in gross domestic savings by 11 percentage points between 2000 and 2008,

d) household savings as a share of GDP experiencing the highest growth among the government saving and corporate savings since the inception of reforms in 1978.

[21] China to open up infrastructure projects to private investment, *The Wall Street Journal* 2014, April 23, http://www.wsj.com/articles/SB10001424052702304788404579519301722673142 (retrieved: 24.06.2014).

[22] D.T. Yang, J. Zhang, S. Zhou, *op.cit.*, p. 7.

The government saving in China combined with the current structure of the state spending and low general government debt ratios place China on the comfortable international position in terms of long run growth perspectives (Table 3). Such a comfortable position is rather unique in the post-financial crises environment.[23]

**Table 3.** General government debt, 2008–2015 (% of GDP)

| Item | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 (projection) | 2015 (projection) |
|---|---|---|---|---|---|---|---|---|
| Gross debt world | 64.9 | 74.9 | 78.6 | 79.0 | 80.6 | 78.6 | 78.2 | 77.5 |
| Advanced economies | 80.0 | 93.5 | 100.1 | 104.0 | 108.3 | 107.1 | 107.1 | 106.9 |
| USA | 72.8 | 86.1 | 94.8 | 99.0 | 102.4 | 104.5 | 105.7 | 105.7 |
| Euro area | 70.3 | 80.1 | 85.7 | 88.1 | 92.8 | 95.2 | 95.6 | 94.5 |
| Japan | 191.8 | 210.2 | 216.0 | 229.8 | 237.3 | 243.2 | 243.5 | 245.1 |
| United Kingdom | 51.9 | 67.1 | 78.5 | 84.3 | 88.6 | 90.1 | 91.5 | 92.7 |
| Canada | 71.3 | 81.3 | 83.1 | 83.5 | 88.1 | 89.1 | 87.4 | 86.6 |
| Emerging market economies, excluding China | 33.5<br>40.2 | 36.0<br>45.0 | 40.3<br>43.5 | 37.7<br>42.4 | 36.5<br>42.4 | 34.9<br>42.6 | 33.7<br>2.8 | 33.0<br>43.0 |
| Asia | 30.6 | 30.9 | 40.4 | 36.3 | 33.9 | 31.0 | 29.0 | 27.6 |
| China | 17.0 | 17.7 | 33.5 | 28.7 | 26.1 | 22.4 | 20.2 | 18.7 |
| India | 74.5 | 72.5 | 67.5 | 66.8 | 66.6 | 66.7 | 65.3 | 64.0 |
| Europe | 23.7 | 29.5 | 29.0 | 27.7 | 27.0 | 27.7 | 26.1 | 26.5 |
| Russia | 7.9 | 11.0 | 11.0 | 11.7 | 12.7 | 13.4 | 13.0 | 12.8 |
| Turkey | 40.0 | 46.1 | 42.3 | 39.1 | 36.2 | 35.8 | 35.9 | 36.0 |
| Latin America | 50.4 | 53.2 | 51.6 | 51.4 | 52.0 | 51.4 | 52.5 | 52.6 |
| Brazil | 63.5 | 66.8 | 65.0 | 64.7 | 68.2 | 66.3 | 66.7 | 66.4 |
| Mexico | 42.8 | 43.9 | 42.2 | 43.3 | 43.3 | 46.5 | 48.1 | 48.4 |
| MENAP | 60.6 | 62.8 | 64.9 | 66.2 | 70.5 | 75.1 | 76.6 | 77.5 |
| South Africa | 27.2 | 31.6 | 35.3 | 38.8 | 42.1 | 45.2 | 47.3 | 49.6 |
| Low-income countries | 41.0 | 42.8 | 41.4 | 40.8 | 41.8 | 42.6 | 42.9 | 43.3 |
| Oil producers | 21.3 | 24.2 | 23.1 | 21.3 | 21.8 | 22.8 | 22.9 | 23.2 |

Source: Public expenditures reform. Making difficult, *Fiscal Monitor* 2014, April, International Monetary Fund, www.imf.org/external/pubs/ft/fm/2014/01/pdf/fm1401.pdf, p. 5, Table 1.2 (retrieved: 11.06.2014).

[23] Public expenditures reform. Making difficult, *Fiscal Monitor* 2014, April, International Monetary Fund, www.imf.org/external/pubs/ft/fm/2014/01/pdf/fm1401.pdf, p. 10 (retrieved: 11.06.2014).

The exceptionally high debt level is treated as the main constraint against further growth by the IMF and independent economists. The most exposed to such risk are the United States, Japan and the euro area countries. But due to the way government debts of euro-countries and Japan are financed they seem to face the most gloomy perspective. To such extent that in addition to the broad range of unpopular actions like deep cuts of budgetary spending, imposing new taxes, increasing the level on existing taxes the IMF has added the solution of one-off capital levy at tax rate about 10% on households with positive net wealth.[24]

If such a decision is taken, not only will the European wealth deteriorate but also the power of the European states will be significantly diminished (following the concept of the complementarity of power and wealth[25]). At the same time China is enjoying not only a stable international economic and financial position but it is also facing the problem of the best policy for capital investments (not only private money but also state money).

China's external stability is also confirmed by two other sources: foreign debt ratio (Table 4) and level of foreign reserves (Table 5). Usually foreign reserves are used to ensure the financing of import in case of falling export or to defend the country's currency. But in China's case we have none of these problems. In such favourable circumstances such safe level of foreign reserves may lead to more aggressive assets allocation. The process started in 2007 when the state owned China Investment Corporation (CIC) was established.

**Table 4.** Mainland China, foreign debt ratio 1985–2012

| Year | Foreign debt ratio (%) | Year | Foreign debt ratio (%) | Year | Foreign debt ratio (%) | Year | Foreign debt ratio (%) |
|---|---|---|---|---|---|---|---|
| 1985 | 56.0 | 1992 | 87.9 | 1999 | 68.7 | 2006 | 31.9 |
| 1986 | 72.1 | 1993 | 96.5 | 2000 | 52.1 | 2007 | 29.0 |
| 1987 | 77.1 | 1994 | 78.0 | 2001 | 67.9 | 2008 | 24.7 |
| 1988 | 87.1 | 1995 | 72.4 | 2002 | 55.5 | 2009 | 32.2 |
| 1989 | 86.4 | 1996 | 67.7 | 2003 | 45.2 | 2010 | 29.2 |
| 1990 | 91.6 | 1997 | 63.2 | 2004 | 40.2 | 2011 | 33.3 |
| 1991 | 91.9 | 1998 | 70.4 | 2005 | 35.4 | 2012 | 32.8 |

Source: *China Statistical*…, Government Finance: 9–12 Risk indicator on External debt.

[24] Taxing times, *Fiscal Monitor* 2013, October, International Monetary Fund, http://www.imf.org/external/pubs/ft/fm/2013/02/fmindex.htm, p. 49 (retrieved: 11.06.2014).

[25] R.O. Keohane, *After Hegemony. Cooperation and Discord in the World Political Economy*, 2nd ed., Princeton University Press, Princeton–Oxford 2005, pp. 22–25.

**Table 5.** China, foreign reserves 1978–2013 ($100 million)

| Year | Foreign reserves | Year | Foreign reserves | Year | Foreign reserves | Year | Foreign reserves |
|---|---|---|---|---|---|---|---|
| 1978 | 1.67 | 1987 | 29.23 | 1996 | 1 050.29 | 2005 | 8 188.72 |
| 1979 | 8.40 | 1988 | 33.72 | 1997 | 1 398.90 | 2006 | 10 663.40 |
| 1980 | –12.96 | 1989 | 55.50 | 1998 | 1 449.59 | 2007 | 15 282.49 |
| 1981 | 27.08 | 1990 | 110.93 | 1999 | 1 546.75 | 2008 | 19 460.30 |
| 1982 | 69.86 | 1991 | 217.12 | 2000 | 1 655.74 | 2009 | 23 991.52 |
| 1983 | 89.01 | 1992 | 194.43 | 2001 | 2 121.65 | 2010 | 28 473.38 |
| 1984 | 82.20 | 1993 | 211.99 | 2002 | 2 864.07 | 2011 | 31 811.48 |
| 1985 | 26.44 | 1994 | 516.20 | 2003 | 4 032.51 | 2012 | 33 115.89 |
| 1986 | 20.72 | 1995 | 735.97 | 2004 | 6 099.32 | | |

Source: *China Statistical*…, Financial Intermediation: 19-7 Gold and Foreign Exchange Reserves.

The company started with $200 billion of foreign reserves as the initial capital[26] put under management. Generally the transparency of the investment is rather low. But CIC is known for some really aggressive investment decisions like the $3 billion (pre--IPO) investment in private equity group Blackstone, and the $5 billion investment in Morgan Stanley (in form of mandatory convertible bonds that can be converted into almost 10% of the firm equity).[27] On the internet page only the general information is delivered (e.g. like the asset decomposition by asset classes: 32% long term investment, 32% public equity, 19.1% fixed income, 12.7% absolute return investment and 3.8% cash or more detailed decomposition of equity investments: 49% US equities – but without specifying the size of the portfolio[28]). But on the other hand some purchases have been disclosed (Table 6) in order – we guess – to show off the strategic direction of investment in such sectors like: infrastructure, finance, energy.

Is it a new direction of China's policy? What does China want to tell us disclosing selected information? Following J. Pawłowski's remarks: "that Chinese civilization, as well as the Chinese state from its inception up to the mid-19th century, existed and developed under highly unique circumstances – it had never been confronted with another equally powerful civilization capable of posing a significant threat to their existence,"[29] we cannot exclude that China is trying to redefine the new leadership of its civilisation. In the Confucian worldview, the family is the governing metaphor. In fact all relationships are familial.[30] Through equity investments China may broaden

[26] www.china-inv.cn (retrieved: 27.06.2014).

[27] F. Allen et al., *op.cit*., p. 7.

[28] www.china-inv.cn (retrieved: 27.06.2014).

[29] J. Pawłowski, *"Państwo" we współczesnej filozofii konfucjańskiej*, translated by I. Jabłońska, Warszawa 2010 [unpublished], p. 34.

[30] R.T. Ames, *op.cit.*, pp. 78, 79.

the influence of its own values – also those of *xiao* – not in the sense of care but more in sense of obedience (which may explain why China did not give the helping hand to Greece during the peak of the debt crisis).

**Table 6.** China Investment Corporation – selected direct investment in 2012

| Company | Closing date | Country | Sector | Amount of investment | Initial ownership |
|---|---|---|---|---|---|
| Thames Water | January | UK | Infrastructure | £276 million | 8.68% |
| EP Energy | May | US | Energy | $300 million | 9.9% |
| Polyus Gold | May | Russia | Mining | $425 million | 5% – 1 share |
| Eutelsat Communication SA | June | France | Pan-industry | €386 million | 7% |
| Heathrow Airport Holdings Ltd. | November | UK | Infrastructure | £450 million | 10% |
| Moscow Exchange | December | Russia | Pan-industry | $187 million | 4.58% |

Source: *Annual report 2012*, China Investment Corporation, www.china-inv.cn, p. 33 (retrieved: 27.06.2014).

For S.P. Huntington the economic interchange does not create the peace: "economic growth creates political instability within the countries and between the countries, altering the balance of power among countries and regions. Economic exchange brings people into contact; it does not bring them into agreement. […] Trade between the countries produces conflict as well as profit. If past experience holds, the Asia of economic sunshine will generate an Asia of political shadows, an Asia of instability and conflict."[31]

Financial interdependence, however, is more complex and long lasting than economic cooperation. The mutual nature of financial relationship is based on the assumption of long-run stability and cooperation towards increasing the wealth. The trends which are observed and reflected in the financial data are as follows:

– financial impact of *xiao* is reflected in growing private savings in China,
– Chinese families are more self-financed in terms of covering the education and healthcare needs than Europeans (which is ultimately reflected in the governments' debt levels) – which also reflects the cultural values,
– China needs and will need places for financial investments (countries with highly developed financial markets are the natural directions – Table 2),
– Chinese capital market does not reflect the size of the Chinese economy (even if we add the capitalisation of the Hong Kong market) and should grow in favourable political circumstances to attract domestic private capital (in the near future) and international capital in the long run.

[31] S.P. Huntington, *The Clash of the Civilization and the Remaking of World Order*, 2nd ed., Free Trade Press, London 2002, p. 218.

Such trends indicate the growing importance of the Chinese financial markets, which will have new impact on the undisputable leadership of the Asia-Pacific region in this sector. We know that conflict can never be excluded. Although one specific scenario cannot be easily defined,[32] the combination of high and persistent Chinese savings with the insufficient internal investment opportunities may lead to the financial partnership on an unknown scale between Asian and Pacific countries creating new challenges for the already complex international relationships between two leading countries: USA and China.[33]

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A few year ago Charles A. Kapuchan wrote: "The next world will be the no one's world. The global turn will bring to an end the era of Western domination. But what come next will not be the Chinese century, the Asian century, or anyone's century. Rather no one's world will exhibit striking diversity; alternative conceptions of domestic and international order will compete and coexists on the global stage."[34]

This vision may come true one day, but very unlikely in the 21st century. The excess of capital accumulated in China combined with free access to the broad and liquid financial markets of the most developed countries may reshape not only economic but also political picture of the world. *No one's world* could be true one day, but first will come the *Asian-Pacific world*.

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[34] Ch.A. Kapuchan, *No One's World. The West, the Rising Rest, and the Coming Global Turn*, Oxford University Press, Oxford 2012, p. 183.

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## XIAO JAKO DROGA WIODĄCA DO PRZYWÓDZTWA REGIONU AZJI I PACYFIKU, OPARTA NA WARTOŚCIACH KONFUCJAŃSKICH (NA PRZYKŁADZIE CHIN)

**Streszczenie:** W artykule analizowane są zależności pomiędzy bardzo wysoką stopą oszczędności w Chinach a wartościami kulturowymi mającymi wpływ na decyzje mieszkańców Chin. Podjęta została próba odpowiedzi na pytanie, dlaczego istniejące modele opisujące kształtowanie się oszczędności nie sprawdzają się w Chinach. Doceniając złożoność obszaru, wskazujemy na związek pomiędzy wartościami wyrażonymi w *xiao* a wysoką stopą oszczędności i stale rosnącymi poziomami oszczędności prywatnych. Przy tym wskazujemy na istotność procesu opisanego przez R. Talera, a później przez H. Serfina – *mental accounting* – jako źródła akumulacji kapitału w Chinach. W pracy prezentujemy również możliwe kierunki przepływów kapitałowych na rynkach finansowych (będących efektem akumulacji kapitału w Chinach) i ich politycznych konsekwencji na rosnącą siłę regionu.

**Słowa kluczowe:** akumulacja kapitału, siła, rynki finansowe, *mental accounting*, kultura.