15 reasons to be cheerful about China
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Talk of a hard landing in China is typically overstated. It also implies short-term thinking.

Even if we allow for the possibility of a hard landing, the country will be able to bounce back from short-term fluctuations.

Here are 15 reasons why I believe we should be optimistic about China's economic future:

1. China's urbanization rate was less than 52% at the end of 2012. The U.S. and Brazil both have urbanization rates close to 85%. China's market therefore has more growth potential than many other major economies.

2. The service industry accounted for 46% of China's gross domestic product in 2012, compared with 80% for the U.S. during the same period. Again, that gives China a lot of room to grow as its markets mature.

3. The prevailing view seems to be that the dividends China can generate from reform have ended. I disagree. An increasing amount of deregulation in industries, including financial services, media, sports, health care and telecommunications, can pay dividends for years to come. The U.S. spends around 18% of its GDP on health care; in China, the number is less than 6%.

4. China is already the world's second-largest economy. If it continues to grow at 7% annually, it will also continue to be the most important driver of global economic growth for years to come. China's role as the world's workshop offers the greatest opportunities for global growth.

5. Contrary to popular belief, China is very open economically and has embraced globalization. It has for the past two decades been the second-largest market for foreign direct investment -- a key indicator of economic openness. China is often characterized as employing export-led growth, but 2012 was the first year in a decade that enterprises utilizing foreign investment contributed less than 50% to China's total exports. The Chinese economy is not dominated by any specific management model. Every major variant of these models has played a significant role in China's development. This mixed management model gives China a strategic advantage in this challenging globalized era.

6. The entrepreneurial drive of Chinese business people is an important factor in the country's economic success. This drive, typified by e-commerce and mobile Internet companies, will continue to keep China at the forefront.

7. Chinese people have an incredible curiosity and ability to learn. They soak up information from others, innovate and localize foreign technologies. I believe China is unique in this regard and has an open-mindedness about new ideas that does not exist in other countries.

8. China has the most students studying abroad in the world. These students return home with new skills and more global mindsets. And greater affluence has led to more emigration, which means more Chinese are attending the world's top schools.

9. China has more experience than any other countries with a variety of political and economic systems, including communism, socialism, capitalism, planned economy and market economy. They will serve China well when, faced with uncertainty, it is forced to re-evaluate its system and make hard choices.

10. China's political system has distinct advantages. Elite role attracts the best, and the system under which candidates must rise up, rank by rank, gives China's leaders essential experience at all levels. This leads to better informed Chinese leaders who are best able to represent the people.

11. Sovereign debt in China accounts for roughly 15% of its GDP, a lower percentage than in many Western countries, providing stability. China also has the largest foreign exchange reserves in the world.

12. Mao Zedong has long since departed, but his influence continues to be felt to this day. In particular, the standardization of the Mandarin language stems from his legacy, as does the liberation of women. Women in China are far more literate, educated and integrated into society than in many other Asian nations.

13. The size of China's population, another of Mao's legacies, helps Chinese competitiveness. India may surpass China in terms of population size, but literacy rates -- especially for women -- do not compare.

14. China is not "rising" so much as returning to its historical position in the world order. In the 1820s, about 30% of the world's GDP came from China -- equal to the sum of Canada, the U.S. and Europe. After dipping below 2% in 1978, it now stands at around 12%. There is a long way for China to go before it returns to its earlier prominence.

15. Every dynasty in history that was open has fared very well. If China continues to become more open -- and the government commits to further reforms -- that will bring more good news for China.

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