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China and the Emerging Economies

CHAPTER SUMMARY

This chapter has provided a critical overview of the growing importance and role of China and the emerging economies in international development. It has provided the reader with grounding in the distinctive perspectives and approaches of these new development actors, the innovations they are introducing, and the key issues and debates surrounding their expanding involvement. For the student reader, the chapter's learning outcomes lie in gaining a greater knowledge and understanding of current development thinking and practice. The inclusion of this chapter in this volume recognizes the increasing importance and influence of these economies in global development. The chapter relates to the wider themes of development addressed in this book, for example, new thinking and practice, the role of the private sector and the emerging post-2015 international institutional development architecture, and the implications of the arrival of these new development actors for development practice.

VIDEO RESOURCES

Tyler Cowen: The Rise and Fall of the Chinese Economy

<https://www.youtube.com/watch?v=fZwEDa9TrfE>

Time 12: 24

A very poor country turned modern economy, China is now facing economic hardship. How did this happen? What led to its astonishing economic growth and what's fueling its current woes? Join Tyler Cowen as he dives into the rise and fall of China's economy.

Martin Jacques: Understanding the Rise of China

http://www.ted.com/talks/martin_jacques_understanding_the_rise_of_china.html

Time 21:30

Speaking at a TED Salon in London, economist Martin Jacques asks, How do we in the West make sense of China and its phenomenal rise? The author of *When China Rules the World*, Jacques examines why the West often puzzles over the growing power of the Chinese economy, and offers three building blocks for understanding what China is and will become.

Dambisa Moyo: Is China the New Idol for Emerging Economies

http://www.ted.com/talks/dambisa_moyo_is_china_the_new_idol_for_emerging_economies

Time 16:23

The developed world holds up the ideals of capitalism, democracy and political rights for all. Those in emerging markets often don't have that luxury. In this powerful talk, economist Dambisa Moyo makes the case that the west can't afford to rest on its laurels and imagine others will blindly follow. Instead, a different model, embodied by China, is increasingly appealing. A call for open-minded political and economic cooperation in the name of transforming the world.

E-commerce Strategies for Rural Development: A Best Practice from China

https://www.youtube.com/watch?v=iB_aO75ZPM0

Time 3:41

Three billion people in developing countries live in rural areas. They include the majority of the world's poor. According to a 2016 OECD report, it appears their numbers will continue to grow until 2030. In this video, the Chinese e-commerce company Alibaba invites aspiring entrepreneurs to join its e-commerce initiative to foster rural development in China. The "Rural Taobao Partner" initiative encourages young workers in urban China to return to their rural villages to start businesses helping the village people to go online and benefit from the internet.

REVIEW QUESTIONS

1. What are the emerging economies?
2. What is the "Going Global" strategy, and how is this strategy related to Chinese development?
3. Discuss the pro and con opinions on China's presence on Africa.
4. Discuss China's Africa Policy.
5. What are the main characteristics of "the Belt and the Road" in Africa?
6. Briefly explain the main components of the "One Belt, One Road" initiative.
7. What are China's post-2015 Sustainable Development Goals?

ANSWER KEY: REVIEW QUESTIONS

1. Emerging economies are widely regarded as driving global growth. Nonetheless, the role and significance of the emerging economies is subject to widespread debate. On the one hand are arguments that these economies offer a break with the past. With their own histories of colonial legacy, impoverishment, conflict, and eventual political stability, recovery, and growth, proponents claim that these countries have a closer understanding and empathy with the needs and aspirations of the Global South and the billions of people in developing countries. As a consequence, supporters believe they can bring a new approach to critical issues such as international sustainable development. On the other hand, critics argue that little is different, in practice, in the way these economies act in other developing countries, leading some political leaders and commentators in developing countries to label them as new colonialists. (p. 241)
2. “Going Global” strategy was initiated in 2000. This policy used state incentives, including preferential trade access, low interest loans, and Exim Bank support, to promote the outward investment and global expansion of China’s leading firms and state-owned enterprises (SOEs). The engagement of SOEs in development projects is driven both by China’s need for raw materials to fuel its domestic growth and by the quest to build up China’s own multinational firms in new markets. SOEs have been involved in labour-intensive manufacturing and infrastructure construction in developing countries, often through joint ventures with local private and state-owned enterprises, and have become highly influential in developing countries. However, beyond multinational SOEs, a new wave of Chinese private firms and small and medium enterprises (SMEs) also is moving abroad. These SMEs are driven by growing domestic competition to seek new market opportunities overseas, but they do so with little co-ordination and direction from the state, and often are underprepared for operating in foreign and new environments. (p. 243)
3. Opinion on China’s presence in Africa is polarized between those, who see China’s involvement and contribution as adding substantial, and much needed, value-added to Africa’s development. Proponents believe that China’s engagement as a means by which Africa can begin to reduce its dependency on Western aid and dispense with what are viewed as paternalistic conditionalities forced upon recipients. They see China as treating African states “as equals” and point to China’s investment, trade, and aid, particularly in building infrastructure, as significant contributors to Africa’s development. Critics and skeptics view the relationship as more “zero-sum” than “win-win”. Here the primary motivation for China’s renewed interest in Africa is its intensifying need for energy and raw materials and for access to Africa’s markets for its manufactured products. The critical headlines question China’s attitude towards African states accused of human rights violations and corruption. But the criticisms are also much broader and include: the use of imported Chinese workers; poor labour and environmental practices; undercutting of local firms; a weak commitment by many Chinese firms to corporate social responsibility; and a poor record in knowledge and skills transfers. It is argued that China’s growing presence puts at risk all the advances in “good governance” made by the international donor community in recent decades (pp. 244–247)
4. China’s Africa Policy and practice is framed by its foreign policy principles of “Peaceful Development and A Harmonious World” and the values of political equality, mutual benefit, “win-win” co-operation, cultural exchange, and non-interference. In seeking to understand this, it is necessary to recognize the importance of the close relationship between China’s domestic circumstances and its external relations. China’s principle of non-interference in the sovereign affairs of its African partners stems from China’s own intolerance for foreign interference in its affairs. Moreover, the legitimacy of the Chinese state depends on its ability to deliver economic development to its citi-

zens. Therefore, while Western states that value civic and political rights talk about “good governance,” Chinese officials, who prioritize social and economic rights, talk of “effective governance.” Thus, China’s approach to governance in Africa is to pay close attention to those who are, in practice, effective partners and to build capacities rather than pressing for the rule of law as a first international co-operation has evolved from the ideologically motivated foreign aid of the Mao era to a more pragmatic and flexible strategy involving aid, trade, and Chinese companies “going out.” China’s leadership has called for the establishment of new multilateral institutions and the deployment of a comprehensive development strategy more reflective of the changing global economic landscape and emerging economies. (pp. 246–247)

5. “The Belt and the Road” initiative aimed at establishment of the Asia Infrastructure Investment Bank. This initiative represents the first substantial intervention by China into the institutional architecture of global trade, investment, and financial governance. The importance of this initiative is not solely economic and financial; it is fundamentally political, representing the first major step by China in acting upon its discontent with the failure to reform the existing global economic and political system. The AIIB, in particular, is a declaration of intent, a challenge and alternative to what it views as Western-centric global financial institutions. (p. 248)
6. The initiative includes the following components: (1) policy co-ordination , (2) facilities connectivity improving, (3) unimpeded trade removing, (4) financial integration building, (5) people-to-people links. (p. 248)
7. Within the post-2015 debate, China has focused on the question of how to balance economic development, social justice, and environmental protection. Like other middle-income countries, it also has emphasized common but differentiated responsibilities, and has stated that at this point in its development, South–South cooperation should serve as a supplement rather than as a replacement for North–South cooperation. In addition to supporting the co-ordinating position of the UN, China assumes crucial roles in post-2015 global development by providing critically needed infrastructural investment and important focal points for common development. In the post-2015 world, sustainable development is a top priority for global development agendas and requires increased commitment and co-operation in development efforts. This era provides opportunity for experts in international relations, trade, climate, and domestic policy to engage in conversation about how each country, as part of a global effort, can contribute to fair and sustainable growth. While the world can count on China to continue to be innovative with new approaches to and partnerships for development, China intends to continue to adhere to its principle of “common but differentiated responsibilities” into the post-2015 era. (p. 250)