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**WILL CHINA CHANGE INTERNATIONAL DEVELOPMENT  
AS WE KNOW IT?**

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## **ABSTRACT**

What do China's dramatic transformations over the last 30 years imply for development studies and practice? China has lifted a record number of people out of poverty, and has had sustained levels of economic growth close to ten per cent per annum, albeit at well-documented environmental and social costs. China now appears to be developing effective responses to the global financial crisis, and fairly recently China's global role has seen an enormous surge. It is making these transformations with institutions that continue to surprise international observers, while China experts usually merely emphasise the pragmatic nature of its post-1978 reforms. The "rise of China", thus, is challenging our perspectives and practices in international development.

While China's experience has largely remained outside the mainstream development debate, an increasing number of studies and essays have started to articulate the lessons from China's development path for the international development community, and particularly for Africa. This paper reflects on the different interpretations of these lessons, as well as the process of lesson learning, which so far has been strongly supply-driven. It further discusses China's new global economic and political role, and the position of China's aid as "soft power" within the new global structures. These new trends make it essential to reflect on how we understand development and globalisation. To do so we need better mutual understanding and particularly a better understanding of how and why China achieved what it did over the last 30 years, and its remaining challenges. This essay is a modest attempt to promote this.

## **Keywords**

China, international development, Washington Consensus, Beijing Consensus, South-South cooperation

# WILL CHINA CHANGE INTERNATIONAL DEVELOPMENT AS WE KNOW IT?

## FOREWORD

I do not consider myself a China expert. While I know it is unwise to start any presentation with an apology, I think it is absolutely essential that I make this clear. Unlike my family, after 3 years, I miserably failed in my efforts to master the basics of the Chinese language. There is much of the literature on China that I need to study. While I do hope to do some of this in the coming years, this paper is not written because of my expertise on China.

However, good friends tell me I also can no longer claim not to be an expert on China, or that I would have wasted my intellect and the generosity of my colleagues and friends during my stay in China. This paper will indeed present some definite statements about ‘China’, and I do not want to justify this by referring to the fact that this is *just* a working paper (which it is of course, and I do hope for comments). The justification for this paper is the belief that I developed over the last three years that the field of development studies (as I know it) is insufficiently informed by the Chinese experience of the last decades. This is not a critique; it is actually much more interesting to try to understand the reasons for the relative absence of attention to China, and why and how this is now changing. This paper is a contribution to very important efforts undertaken to ensure better mutual understanding, to learn lessons from and for China, from and for Africa as well as Europe.

I am thus deeply indebted to the same good friends and colleagues for the knowledge and experience on which this paper is based: Qiao Jianrong (who also provided comments on a draft of this paper), Jennifer Holdaway, Sarah Cook, Zhang Xiaobo, Li Xiaoyun, Zhang Xiulan, colleagues and friends at IPRCC, and many others. I am grateful to the UK Parliamentarians with which I had the privilege to spend time during their visit to Beijing and Sichuan in December 2008; their interest in the lessons from China for global development and well-being including in the UK greatly inspired me to put the following thoughts on paper. At ISS, discussions with Andrew Fischer and Lu Caizhen have been extremely helpful.

## 1 INTRODUCTION: 2008 AND BEYOND

The year 2008 marked the confirmation of China’s new global role, and this paper is an exploration of the implications of this for the field of development studies. The year 2008 was of course the year of the Olympics, which dazzled the world. While China’s leaders and indeed many citizens have been keen to deny a link between sports and politics, the fact of the Games being held successfully – following the Lhasa unrest (‘3/14 riots’) and international

demonstrations around the Olympic Torch relay – marked the acceptance of the global community of China’s role, and hugely increased Chinese confidence within the global community.<sup>1</sup> Second, 2008 was the year of major natural disasters, notably of course the Wenchuan earthquake in May but also the snow that disrupted large parts of the country earlier and the severe drought that affected the north later in the year; the significance for the international community besides the enormous human tragedy was the openness that Chinese leaders displayed in the response to the earthquake, and the way this was presented in the press. The third major marker was the celebration of China’s 30 years of reform, which was widely discussed in academic circles and the popular press, and accompanied by an increasing demand from the international development community to find out what the lessons from China’s development success (and challenges) are. Finally, the financial crisis had a huge and early impact on China, and has led to radical national economic and social policy changes, combined with a reformulation and re-articulation of its position in the global financial architecture.

This paper is a review of the implications for international development debates of the radical changes over the last decades that found their temporary apex last year. A reflection on this is motivated not only by the “rise of China”, which is well described in many places, academic and more popular, but also by the fact that the field of development studies has largely been isolated from the study of China, while of course Chinese academia for historical and language reasons has remained much more strongly segregated from international development debates than other parts of the global South. The question about China and international development is particularly relevant, as China is now simultaneously a low income country and recipient of aid (and thus subject of “development studies”), a middle income country where the nature of development problems are rapidly changing (such as the move from wide-spread poverty to stability-threatening inequality), and has rapidly become (again) a provider of international development assistance which challenges the old aid paradigm and modes of operation in many places, introducing new or by “old donors” neglected approaches, and fitting China’s objective of expanding international influence.

The question whether China will change international development is difficult for various reasons, not only because predictions are so hard to make, particularly when they are about the future, but also because on review it appears not at all that easy to articulate what the lessons from China’s development paths, successes and challenges are, and what the role – if any – of a “Beijing Consensus” would be. This will be the theme of the section 3 of this paper, followed by a discussion of the changes in China’s global role - in terms of trade and investment, China’s own aid programme, “China-Africa”,

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<sup>1</sup> According to the Xinhua news agency Beijing 2008 was “another milestone in China’s rising international status and a historical event in the great renaissance of the Chinese nation” (quoted in Jing Gu, 29 August 2008, IDS website), who adds that “for China, the meaning of the Games far exceeded the sport contested. They were nothing less than a nation’s ‘hundred years dream’.”

and within international organisations – suggesting this means a notable change from the principles of peaceful co-existence expressed by Premier Zhou Enlai – formulated with Burma, India and Indonesia – that still officially characterises China’s foreign policy. But the terms used in the title of this paper first need to be described, and our subject of discussion more clearly defined – this will be done in the next section.

A final introductory comment on the politics of engaging with China, and more specifically on the question how China may change the field of development as we know it. The realpolitik of the Beijing Olympics was the recognition that China has become a global player, and global self-interest overshadowing possible ideological difficulties around China’s human rights record in particular, at home and abroad in its – in effect – support for repressive regimes. I strongly believe that a concern with aspects of China’s role in international economics and politics leads to a necessity to engage with China, to understand its development and the way it looks at the world. This paper is also based on an assumption of a close inter-linkage between China’s internal development and the way its global role is developing, and an assumption that an understanding of the latter needs to be based on in-depth knowledge of China’s institutional characteristics. And my own experience is that this engagement in itself is transformative – if there is one thing that development debates in and on China potentially teaches development experts is that their engagement is of necessity a process of mutual learning.<sup>2</sup>

## **2 WHAT IS INTERNATIONAL DEVELOPMENT, AND HOW DOES IT MATTER FOR CHINA?**

The field of development studies has grown enormously from its origins about half a century ago, and has rapidly – and predictably – become very diverse in focus, theoretical and methodological approaches, and political orientation. Yet what bind it together have been two inter-related elements: its problem-solving orientation (with much political contestation), and its inter-disciplinarity (with an equally heated methodological debate, notably on the perceived dominance of economics). Moreover, in differing degrees, the field of development studies has been closely linked to the “aid industry” (de Haan 2009), through the large research departments within particularly the World Bank, the direct funding of research as practiced in the UK, and the focus on capacity building in institutions like ISS in the Netherlands and across the global South through

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<sup>2</sup> This is very well captured in the report of the UK’s International Development Committee on China, which also posited that a UK disengagement from development issues in China would be a bigger loss to the UK than to China (House of Commons, 2009). It concluded that “DFID’s relationship with China provides a mutual learning experience. The Department can help transfer lessons from China’s own development to other developing countries, particularly in global priority areas such as food security. It can also draw on its own innovative work in China to inform its programmes elsewhere.

funding for research capacity like Canada's IDRC's and initiatives like AERC networking among African economists.

Two further distinctive features of the field of development studies are of importance. First, linked to its problem-solving orientation, the field is strongly politically and ideologically driven, and often segmented along those lines.<sup>3</sup> For quite some time, development studies main theories have been organised around the paradigms of modernisation and neo-liberal approaches, Marxist and political-economy theories that emphasise the exploitative nature of market relations (with the state versus market debate being amongst the most hotly contested topics), and dependency and world systems approaches that emphasise global inequalities and exploitation. Research funding has played a critical role in this segmentation. As we will see, these dominant paradigms do not fit very well in explaining China's development path, nor have Chinese scholars actively engaged with these debates.

Second, and similarly related to the close link between study and practice, the field is marked by very rapid changes in attention, and by what Cornwall (2007) aptly calls the dominance of buzzwords. Thus, it is possible for major themes like inequality, agriculture or infrastructure to be perceived to be absent from dominant discourses and subsequently return to the agenda, or for concepts like livelihoods to rapidly gain importance in one decade and almost entirely disappear the next. This seems to have been relevant for the way Chinese researchers and practitioners have engaged with the development discourse, as they have focused on many of the main topics that have emerged over the last two decades.<sup>4</sup>

Of course, China has been very well studied in academia across the world, and since the opening up of the last 30 years Chinese academics increasingly have taken their place in academic departments around the world. The critical point however is that unlike in the case of many other large countries in the South, the focus on China has remained within the sphere of regional, cultural and of course language study – it has not found its way into development studies the way the study of, say, Chile, South Africa, Bangladesh or India has. Theoretically, analyses of China seem not to fit easily in the major paradigms that lead and divide development studies, reinforced by a common emphasis on China's different culture and history, and the late exposure of China's intellectuals to Western theories, concepts and methodologies.<sup>5</sup> For many development studies institutes China has become subject of interest only

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<sup>3</sup> This remains largely hidden in development practice, which has a strong technocratic focus (de Haan and Everest-Phillips 2006).

<sup>4</sup> One of the areas of interest that seems worthwhile exploring is how international approaches have been introduced in China, for example on participation, and how these have been converted into projects that have often been regarded as successful (see e.g. Lu Caizhen, undated).

<sup>5</sup> For example, the monthly journal *Dushu* focused in the mid 1980s on the introduction of western theories including modernisation theory and Braudel's; later on debates on China's development path became more central to the journal (Zhang 2008).



since it has become a major player in Africa, or become relevant in the context of the G20 or global financial crisis, but it is common for major global publications or projects to by and large neglect Chinese and other East Asian experience. Finally, development studies as a subject has not emerged in China until recently, and where it has come up it has had a strong focus on practical approaches and with – by comparison – little emphasis on theory.<sup>6</sup>

This is now changing. Increasingly, development studies have realised the need for a focus on China. It is now commonly asserted that China has been responsible for the largest proportion of progress against MDG1, while global analyses of trends in poverty or inequality often need to “exclude” China (alongside India) because of the huge impact it has on the overall picture.<sup>7</sup> The World Bank, which has collaborated closely with China over the last thirty years, and for example produced poverty analysis collaborating with the Chinese National Bureau of Statistics, has now promoted work to articulate the lessons from China’s development path, which we discuss further in the next section. IDS Sussex highlights China as a subject alongside for example gender, agriculture and climate change, emphasizes “China matters for development,”<sup>8</sup> and for example invited the head of the DFID China office to talk about how donors engage with China as the bilateral aid programmes are ending. ISS is taking initiative to strengthen its focus on China (the title of *DevIssues* of May 2009), and for example invited in 2004 the then Ambassador to the Netherlands, Xue Hanqin, to speak to ISS about China’s open policy and international law, in which she discussed China’s growing engagement in international fora and for example stressed that the impression that China’s reform since 1978 had been only about economics was incorrect, but had been accompanied by significant institutional reform, in which China looks closely at and collaborates with other countries. In a recent Dutch Scientific Council for Government Policy publication, China’s reform experience of gradualism is presented as an example for a key element of what the Council proposes as an alternative model for development policy for the 21<sup>st</sup> century (Kremer *et al.* eds. 2009: 23).

The way China has been described in recent years has been marked by great controversy, between, put simply, those who see China’s rise as a threat, and those who stress the positive aspect of China’s development and its increasing role in Africa and elsewhere – I will refer to these views in the sections below. The mere fact of the controversy should not come as a

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<sup>6</sup> In a donor-organised debate on aid in Beijing in March 2008 Prof Zha Daojiong emphasised that successful collaboration with China (in this case in overseas development cooperation) needs to start from specific issues and not from concepts (<http://www.iprcc.org.cn/ppt/2008-05-15/1210812776.pdf>). In a note on development studies in China, Professor Zhang Xiulan puts forward the notion of “adaptive management of development” as a distinctive Chinese contribution to the international debate (Zhang *et al.* 2009).

<sup>7</sup> Global inequality over the last decades has decreased because of the progress in China and India.

<sup>8</sup> <http://www.ids.ac.uk/go/browse-by-subject/china>.

surprise, as the rise of China is fundamentally challenging perspectives around international development, and the place of OECD countries in the world. For example, the economic rise of China alongside India and South Korea appears on the second page of a book on the crisis of trust in Dutch society (Knepper and Kortenaar 2008: 10), or the financial crisis is suddenly driving home the importance of China in global finances, and indeed the instability of the system, as for example Martin Wolf stressed in a recent interview in *De Volkskrant* (29 May 2009) on the global financial sector.<sup>9</sup> Within Africa, it is only to be expected that different views emerge, between the new opportunities that are provided by China's global role, and questions about the place of Africa's needs within and perspectives on China's global strategy (Kitissou 2007; Manji and Marks 2007). Finally, the possible alternative presented by China for Africa now regularly emerges in discussions on aid, thus fuelling the already-heated and overly-generalising debates on whether aid works or not.<sup>10</sup>

It is difficult to locate the way China has been studied in recent years within any of the paradigms that mark the broad field of development studies as we know it. At this stage, I can only speculate about the reasons why this appears so difficult, but a key issue appears that while development studies tends to be deeply politically and ideologically driven and divided, a central characteristic of China's reform path has been how it has aimed to "depoliticise" development (though of course not in the sense of Fukuyama's "end of history", with the advent of western liberal democracy), combined with intellectual traditions that emphasise the specifics over the theoretical, and harmony over debate. The first is illustrated in Deng Xiaoping's motto of gradual and experimental reform, which is simultaneously a method of policy formulation and implementation, and a way to build political consensus (for example starting experiments in geographical areas where opposition is thought to be least likely).<sup>11</sup> Moreover, the fact as mentioned above that Chinese intellectuals started to engage with Western theories in general only

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<sup>9</sup> I discuss China response to the crisis and global implications in another paper. In this context it is important to emphasise that alongside the newly adopted role of the G20, many people believe that the real locus of power has shifted to the G2, the US and China (and the recent visit by US Treasury Secretary Tim Geithner to Beijing to reassure Chinese investors confirms the rapidly changing power balance). In Beijing the G2 has been discussed with considerable assertiveness, in a similar way as the proposals for a new global currency have been put forward, and in the responses to Western statements on the financial crisis. Martin Wolf in the above mentioned interview stressed the future dependence of the global economy on China's ability to enhance domestic demand and move away from its focus on export.

<sup>10</sup> For example in the Munk Debate (1 June 2009, broadcasted by CBC) on aid where Moyo presents China as an alternative to what she describes as "dead aid", de Soto argues China developed without aid, while both Lewis and Collier emphasised China's role is a two-edged sword.

<sup>11</sup> Peter Ho (2009) in a recent WRR edited volume on development policy characterises China's reform pragmatism as focusing on gradualism and credibility, as form of institutional innovation.

since the 1980s makes this disjuncture fairly natural. The left-right opposition that emerged in China in the 1990s does not appear to have made an impact on or found a mirror in the international debate.<sup>12</sup> And while the 1990s international debate focused on the role of the state, with the neo-liberal focus on the need for (and left-wing critique of) withdrawal of the state, the Chinese state maintained and reinforced its power, thus posing the difficult question for the international debate of the compatibility of the one-party state with a strikingly successful economy in the information age and what Reich (2008) has called super-capitalism.

China's pragmatic and a-political approach to development has also marked the way China has engaged with the international community. Its learning has been very strongly focused on solving technical problems, and the international community has perceived often surprisingly open attitudes, typically after political sensitivities were resolved (such as in cases of collaboration on HIV/AIDS and SARS<sup>13</sup>), and often very rapidly evolving depending on newly identified priorities (such as shifts in approaches to poverty, or the focus on balanced development following the rapid rise in inequalities). In the process, China has adopted many international practices, and indeed institutionalised the collaboration to promote this (emphasised for example in approaches to earthquake reconstruction). While consciously appearing to be a-political, in the process Chinese agencies transform these approaches perhaps beyond recognition for the casual observer.<sup>14</sup> The discussion on the Beijing Consensus similarly illustrates the difficulty of anchoring research on China in the international development debate, as illustrated in the next section.

Thus, it has been difficult to “fit” China post-1978 into the development debate, in a way that its record of development warrants (e.g., two-thirds of progress against the poverty MDG can be attributed to China, and the world would not have a chance to meet the MDGs without China).

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<sup>12</sup> Conversely, international literature like Arrighi's (quoted in Andreas 2008) that sees China's rise with its state capitalism as a secular shift of the centre of global capitalism does not appear to have found a grounding within China. See for example Anderson (2005: 18) for a discussion of “models of a future for China”, while in the same edited volume Wang Hui (2005: 75) stresses that as “the state overcame its crisis of legitimacy through market expansion ... using the dual market/state theories cannot explain the process of market expansion in China.”

<sup>13</sup> See DFID (2008) on the form of international collaboration in China's health care reforms. The IDS Practice Paper by Bloom, Liu and Qiao (2009) provide perspectives on this collaboration. The special issue of *The Lancet* on China illustrates the realisation of importance of China for global health (<http://www.thelancet.com/series/health-system-reform-in-china>).

<sup>14</sup> For example, approaches to participation in an internationally funded rural development programme were articulated in very different ways in different provinces. Careful study would be needed to track the impact of the international exchange on new approaches to management and policy. I owe the point about the conscious strategy to appear a-political to Qiao Jianrong, who also emphasised the critical difference with other aid recipients in this respect.

Introductory texts on international development continue to present theories that do not cover explanations of the rise of China, and vice versa analysis of China do not appear to be grounded in clear theoretical frameworks, or perhaps its pattern of development can be seen to illustrate any of the main development theories (as we will see later) – in any case Chinese or China scholars usually are not particularly concerned with these paradigms. Debates on reforms and economic growth and how to achieve this usually are not informed by Chinese experience.<sup>15</sup> This brings us to the question whether there are any lessons from the Chinese experience, to which we turn next.

### **3 LESSONS FROM CHINA: WHAT ARE THEY? WHO DECIDES?**

There has been a growing interest in drawing out the lessons from China for other countries. African leaders regularly express interests in understanding the reasons behind success, an interest no doubt strengthened during the African summits hosted by their Chinese counterparts. “Clearly, we all have a lot to learn from China”, according to Liberian Finance Minister Antoinette Sayeh, “China has made great progress in the past few decades in combating poverty” (People’s Daily Online, 16 May 2007).<sup>16</sup> International agencies like World Bank, UN, and DFID also have started to promote the learning of these lessons, and indeed China’s government has made it their objective to share with the world the stories and reasons for its success, as manifested in the hosting of the Global Conference on Scaling up Poverty Reduction in Shanghai in 2004, the establishment of the International Poverty Reduction Center in China, through the many training programs as part of its international development cooperation, and an emphasis on support to South-South Cooperation.<sup>17</sup> While in the 1990s there was considerable interest in the lessons from China for other transition countries (e.g. Lin *et al.* 1996), an increasing number of studies are now starting to contemplate what lessons from China may be of relevance in a broader sense. This section discusses some of the more prominent views in this debate, suggesting that the answer

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<sup>15</sup> Authors like Dani Rodrik (who has become one of the leading analysts in growth debates) have pointed at the unorthodox patterns of reforms in China and India, highlighting for example that drawing lessons from China’s experience (for example for thinking about industrial policy) “is not made easier by the highly unconventional manner in which China has achieved its global integration” (Rodrik 2006: 3).

<sup>16</sup> African countries are attracted to China’s policies particularly because of its self-reliance and independence (Yao Guimei 2006; quoted in Li *et al.* 2009).

<sup>17</sup> The recent emergence of South-South cooperation in international development cooperation is discussed in the volume edited by Chisholm and Steiner Khamsi (2009); the article by Gillespie (2009) on China focuses on African students in China, the role of the exchange in China’s changing foreign policy, and students’ experiences of discrimination. Melville and Owen (2005) conclude that South-South cooperation between China and Africa may be more efficient but not less self-interested.

to the question about what lessons from China are relevant seems to lie in the eye of the beholder.<sup>18</sup>

The significance of the question of lessons from China is highlighted by the attention from a number of senior World Bank staff (alongside its support for enhancing China's increasing role in South-South cooperation). According to Martin Ravallion (2008), poverty specialist with a long-standing experience of analysing poverty and impact of development projects, two main lessons stand out from China's development experience, in particular for Africa, while acknowledging that Africa faces many constraints that China did not (such as political instability, inequality, demographic factors), or to a lesser extent. The first factor is around the role of agriculture, which is in line with much of his analysis of China and elsewhere which shows how much growth in agriculture has contributed to poverty reduction. China's success in poverty reduction, in his view, illustrates the importance of promoting agriculture in the early stages of (pro-poor) growth, and to support this through public support as well as creating market incentives. His second main lesson from China is around effective state institutions. Ravallion discusses the "importance of combining pragmatic, evidence-based, policy making with capable public institutions and a strong leadership that is committed to poverty reduction," the learning processes from local initiatives (much more difficult across African countries), and emphasis on "searching for truth from facts" "...China did not make the mistake of believing that freer markets called for weakening those institutions."

David Dollar, the World Bank's country director for China, and previous director of research, has also directly engaged in discussions about China's development experience and its relevance for other developing countries. He mentions features of Chinese culture, a Confucian ethic and its emphasis on education and very high savings rates, but that these by themselves do not explain recent economic successes. Second, Dollar stresses the way China emphasized "Gai Ge Kai Fang", "change the system, open the door", including the need to change the system and alter incentives and ownerships, through competition for investment between localities, preparing the right investment climate. He emphasises the need for opening up of the economy and the way China welcomed direct foreign investment. Third, Dollar highlights China's investment in infrastructure as a critical lesson for other developing countries. The quality and benefits of infrastructure are clearly visible for any visitor to China, but Dollar also highlights that the infrastructure was provided through a policy of full cost recovery. Fourth, while Ravallion highlights agricultural productivity, Dollar stresses the moves out of agriculture as a key lesson, and emphasises the role of migration from low-productivity rural employment to higher productivity urban employment.

Justin Lin Yifu, celebrated to be the first World Bank Chief Economist from a developing country, has also shared his views on the lessons from

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<sup>18</sup> This is described in more detail in the concluding chapter of the book edited by Zhang, de Haan and Fan (forthcoming).

China. In the “Cambridge Lectures” he highlighted that China – and Vietnam – achieved long periods of fast economic growth without implementing some of the conventional free-market policies<sup>19</sup>, while many countries that liberalized much quicker have worse records of sustaining growth and reducing poverty. As many others, Lin stresses that the gradual approach under Deng Xiaoping was much more successful than the shock therapy promoted and implemented in large parts of the rest of the world since the 1980s. “A gradual, piecemeal approach to reform and transition could enable the country to achieve stability and dynamic growth simultaneously and allow the country to complete its transition to a market economy.” Of course, China was always in a much stronger position to negotiate its own reform than smaller, indebted, and aid-dependent countries.

In the recent World Bank paper with Yan Wang (2008), Lin further emphasises how China followed a strategy of comparative advantage, and continuous (“market-based”) learning, which they argue contains lessons around attempts to set up export zones. They conclude that liberalization itself is not sufficient to jump-start export, and that for China system reform and opening up were equally important aspects of its development path. As if mirroring the literature on ‘good-enough governance’, they conclude:

“the pace of reforms, adaptation, and innovation should be commensurate with a country’s development stage and regulatory capacity. China certainly did not do everything right during the trials and experimentations of the past 30 years of reforms. It paid dearly in high “tuition.” But, as a good student, China has been learning, selectively, from the experiences of other developed and developing countries – learning well and fast. Through learning-by-doing, China is catching up at a pace that is consistent with its institutional capacity and national objectives. It is noteworthy that the pace of reforms has seldom been allowed to go beyond institutional and regulatory capacity” (Lin and Wang 2008: 30).

This brings us to the debate on the ‘Beijing Consensus’. The term was coined by Joshua Cooper Ramo (2004), former Foreign Editor of Time magazine. This highlights East Asian economic models, with their “ruthless willingness to innovate”, alongside China’s international politics focusing on the power balance within the region as well as fostering international relations more broadly. Ramos posits a Beijing Consensus as an explicit alternative development paradigm to the failure or collapse of the Washington Consensus with its emphasis on reducing state intervention (thought to have failed in Africa as well as during the 1997-98 financial crisis). This overstates, in my view, the difference between what China’s path tells us and what may be

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<sup>19</sup> This is not necessarily inconsistent with Dollar’s emphasis on China’s openness, but the latter is a measure of trade flows, not of a policy.

termed a Washington Consensus.<sup>20</sup> In particular, the debate on the “post-Washington” consensus (Stern 2002) has clearly articulated the importance of the role of institutions, and similarly the debate on “good governance”, subsequently “good-enough governance” (Grindle 2002), and the increased attention in development *practice* to the role of politics and “ownership” all indicate a gradual realisation that the simple prescriptions of a Washington Consensus particularly around privatisation and opening-up were at least inadequate.

The discussion on the Beijing Consensus appears to illustrate the difficulty of anchoring research on China in the international development debate. Leaving aside the relevance of the Washington Consensus itself, in the face of the recent emphasis in the international debate on institutions, the juxtaposition of these two paradigms is problematic for many reasons. China did adopt many of the policies of the Washington Consensus – albeit in its own way – and worked closely with the institutional bearers of this consensus. Moreover, a narrative of a consensus at least at the surface appears at odds with the pragmatic approach to development that has marked China’s reforms. It is not implausible to argue that China did adopt some fairly orthodox reform measures, learned from the debates, but it did not and never was under serious pressure to adopt “stabilisation” or “structural adjustment” in their full forms as in Chile or heavily indebted African countries, or through the shock therapy of the Soviet Union. At the same time institutional transformations could be implemented more quickly than in India. Whatever it was that China did, it did it at its own pace and in its own manner, and by and large without a master plan.<sup>21</sup>

An increasing number of studies have compared China’s development path to that of other developing countries. As part of the rising interest within China about Africa, and to promote mutual learning about poverty reduction, a study by Li Xiaoyun and Wang Guoliang comparing development and poverty reduction in China and Africa concludes that while there are doubts about the “applicability” of China’s development “model”, nevertheless a “systematic understanding of China’s transformation demands a paradigm shift in development thinking” (Li and Wang 2009: 1). In the comparison with Africa, Li and Wang (2009: 113 ff) emphasise China’s self-reliance and stability and national solidarity, alongside China’s progress particularly in the agricultural

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<sup>20</sup> This is not to say that the term Beijing Consensus has not become part of discussions in China (for example Li and Wang 2009), but I interpret this as an indication of increased assertiveness about China’s development path rather than pertaining a clear theoretical or ideological content. Mark Leonard (2008) observes that “China’s intellectuals now want China to think for itself and shape the world in its own image”, but he probably overstates the extent to which China experienced “30 years of sucking up Western know-how and ideas”.

<sup>21</sup> See e.g. Luo Xiaopeng 2009 with reference to dual pricing, and Ho 2009 with respect to rural reforms. Moreover, China also does not appear to have boasted about its own achievements in improving governance (Qiao Jianrong, DFID health adviser, pers. comm.).

sector where China's experience may be particularly useful for Africa. Aswani Saith recently contributed to the debate on China by comparing its development path to that of India, highlighting the differences in rural development and the role of China's mass mobilization, with the Communist revolution breaking the feudal mould thus creating the conditions for capitalist development (vis-à-vis the institutional rigidities in India). Finally, China has been regarded as an example of the East Asia's "developmental state", but others stress the differences as well, including China's transition from a socialist economy through large-scale privatisation, the relative autonomy given to sub-national governments necessary because of China's size, and the different conditions faced by China as late industrialiser.<sup>22</sup>

While the different views on China's lessons summarised above suggest (and one could add others to these, such as the social conditions and relative equality in health, education, and gender at the start of the reform period), is that what is drawn out as lessons from China seems to be directly related to authors' views and frameworks. One may also detect some signs of convergence between possible lessons from China and some of the global development themes. For example, attention to governance and ownership in the 1990s based on lessons of reform efforts in Africa, and the resurgent interest in infrastructure and agriculture in the international development debates appear to chime well with some of the lessons that one may draw from China. But I suspect this is more coincide than real theoretical convergence, and in the case of infrastructure the result of China's (growing) political influence in the World Bank as described in the political history of the Bank by Mallaby (2005) rather than theoretical.

In any case, the emphasis on lessons from China indicate that the international development debate is catching up with the radical transformation in East Asia and China in particular, a transformation that is rapidly becoming of global significance in terms of economic development and also climate change. The lesson learning process tends to be very supply-driven, both through the way this has become an official objective of the Chinese government – which we discuss further below – and the way it is promoted through international organisations. In any case, the existing small but growing literature shows that there are many lessons that can be drawn from China's experience, and that the lessons that are pulled out seem to depend very much on each writer's perspective. This is not surprising, and merely highlights a new global force that increasingly structures the knowledge about international development.

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<sup>22</sup> Cook (2009). Jonathan London argues that Chinese social policies (similar to Vietnam's) can be characterised under a concept of "Market-Leninist" welfare regime, because of the subordination of market institutions to political control.



#### 4 CHINA'S NEW GLOBAL ROLE AND THE FIVE PRINCIPLES OF PEACEFUL COEXISTENCE

In the official policy discourse, much emphasis is given to the continuity of China's foreign policy, and how aid for example fits within this. The "Five Principles of Peaceful Coexistence" of Premier Zhou Enlai – formulated with Burma, India and Indonesia in 1954 – still are central: mutual respect for sovereignty and territorial integrity; mutual non-aggression; non-interference in each other's internal affairs; equality and mutual benefit; and peaceful coexistence. Continuity is maintained through China's regional interests, notably in the context of Taiwan and Japan. The critical change over the last decade has been the increased importance of economic interests – as exporter, importer of natural resources, and global investor – in the way China perceives its international interests.

Since the early 1970s, after China returned to the United Nations in 1971, China has been actively increasing high-level participation in and leadership of international bodies, including in various UN agencies like WHO, signing international treaties<sup>23</sup>, promoting international conference such as on gender (Beijing 1995), financially contributing to the World Bank (even though with a modest sum), supplying its Chief Economist – a first from a "developing country", and one moreover that had "defected" from Taiwan but received his training from a premier Chinese and then US universities – and finally assuming greater global responsibility after the 2008 financial crisis. China's role as a "responsible actor" has been noted in international climate change negotiations, as well as in issues of regional stability (North Korea), and increasing support for international diplomacy with respect to Sudan for example. On the surface, this may appear to challenge the "24 character" emphasis of Deng Xiaoping's foreign policy approach, to "observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership". However, the new and emerging global role is consistent with its domestic development reform path, as is perhaps most clearly illustrated by China's desire to, and preparation for access to WTO.

When Chairman Mao died, China was of course closed to the outside world. Besides the issues of language and the images of a wall-building nation, China was part of a post-colonial world that had ended up firmly in the communist camp, many parts of which remained isolated from the rest of world for much longer than China – though when transition happened elsewhere, e.g., in the Soviet union this was accompanied by simultaneous political transformation. China's closeness was accompanied by great internal

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<sup>23</sup> See the summary of China's participation in international fora, particularly the international legal system by Xue Hanqin (2004) who also emphasises the impact on domestic reform. Yu Keping (2005), one of China's pre-eminent political scientists, stresses the links between China's reforms in domestic governance and its entry into the global economy.

turmoil: first of the economic disaster of the Great Leap Forward, and subsequently of the Cultural Revolution. This turmoil is very much alive in the memory of post-1978 policy makers and intellectuals, thus influencing the model of policy reforms towards the household responsibility system and (later) village elections for example.

Deng Xiaoping's motto "it doesn't matter whether the cat is black or white, as long as it catches mice" may best sum up the preconditions under which international policy exchange has occurred. Since 1978, China has adopted a uniquely pragmatic reform approach, with frequent changes in policy approaches, and constant political contestation. This pragmatism also marked the new approach to international collaboration.<sup>24</sup> While contacts between the US and China had started to improve earlier, Deng Xiaoping's 1<sup>st</sup> visit to the US was an historical event, and probably one of the single most important events setting the scene for the subsequent economic strategy, marked by continued strong national (and Party) control, pro-actively if not aggressively incorporating international collaboration where though desirable – carried by the spirit that may have been best symbolised by the cowboy hat that Deng happily put on during the rodeo he attended. The spirit with which Deng approached the US was the same one with which the World Bank and China started too cooperate. Deng met the World Bank President Robert McNamara in 1978 (and China became a World Bank member in 1980). In a statement unimaginable in countries like India, he said: "We are poor. We have lost touch with the world. But China is a big country. If we want to do something we can. But with the help of the World Bank, we can do it quicker and better".<sup>25</sup> This public spirit of cooperation has continued to be central to international development cooperation in China.<sup>26</sup> But it has become much more assertive, with increasing demands for and emphasis on a comprehensive approach to help China define the rules of foreign policy rather than simply following diktats crafted elsewhere. Even pro-Western thinkers like Zheng Bijian, a former deputy to President Hu Jintao at the Communist Party's Central School who coined the term "China's peaceful rise", believe that China should be more assertive (Leonard 2008).

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<sup>24</sup> The official policy towards international collaboration are described in Guidelines of the 11th Five-Year Plan for National Economic and Social Development, to "actively conduct international economic cooperation", promote cross-border flow, and "actively develop economic and technological cooperation with ... other countries and realize mutual benefit and win-win", consisting of implementation of the "Go-Out" strategy (zou chu qu, launched in 2001 to strengthen trade relationships and encouraging domestic firms to invest abroad), and to push international regional economic cooperation.

<sup>25</sup> Thirty years later, this is mirrored in WB publication *China and the World Bank: A Partnership for Innovation* (2007).

<sup>26</sup> Jonathan Spence (2002) describes how China has drawn on international technical advice from the early 16th century onwards, and highlights misplaced hopes of western advisers "to change China".

Alongside its regional interests with respect to Japan and Taiwan (which has continued to dominate policies vis-à-vis developing countries, but with very few left that still recognize Taiwan), China's international approach to the rest of the global South also changed dramatically with the open door policy introduced two years after Chairman Mao's death, though its full impact became visible only in the 1990s. Africa was relatively neglected within China's foreign policy of the 1980s, which focused on relations with the West.<sup>27</sup> But this changed with China's rise.<sup>28</sup> Its emphasis on economic growth and modernization was accompanied by a shift away from promotion of international solidarity to serving its economic interests: export to the advanced economies, and imports particularly of raw materials and investing in its exploration mostly from the South. The global economics and the "soft power" China has employed alongside this is discussed in more detail below; the important point here is that what the world has witnessed is a carefully managed and politically controlled opening up alongside internal transformation, a transition that has not been witnessed before but is now challenging balances of power, including in the international for a where "development" is debated. In the process China is inevitably changing its principles of international coexistence, and is becoming more assertive and will thus also make an increasingly large but yet unarticulated contribution to our understanding of development.

## **5 GLOBALISATION REVERSED? CHINA AND THE GLOBAL ECONOMY**

China's development path is directly linked to the world economy's phase of what in the western perspective of Robert Reich (2008: 7) is called "supercapitalism", marked by the gradual loss of the institutions in the West (particularly the US) that "had negotiated to spread the wealth and protect what citizens valued in common" during the period of "democratic capitalism" of the decades since the Second World War. While Amsden (2007) highlights how the developing world had less space to define their own economic policies after the 1970s than in the earlier period, China did define its own route and started to change the rules of the game. In any case, the expansion of the global economy met China, with its ample and relative well-educated and healthy population, which was hungry for restoring its national economy after the economic and social disasters of the 1950s and 1960s (and earlier ruining

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<sup>27</sup> See Mitchell and McGiffert (2007) for a description of the history of China's engagement with the South since the 15th century, and Eisenman (2007) for China's "post-cold war" strategy vis-à-vis Africa. A "Five Points" agenda was formulated in 1996, and the "China's Policy Paper On Africa" issued in 2006. The Sino-Africa Cooperation Forums in 2000 and 2006 are generally seen as important steps by China to enhance the relationship ([www.fmprc.gov.cn/zflt/eng/gylt/ljj/t157576.htm](http://www.fmprc.gov.cn/zflt/eng/gylt/ljj/t157576.htm)).

<sup>28</sup> And as a result of the international criticism and isolated position China encountered after the Tiananmen crisis (Taylor 2006: 62-5).

encounters with global powers), and keen to re-take its “rightful place” in the global economy.

The figures of China growing economic importance are well known. While still a lower middle-income country with a per capita income of around \$2000, it has experienced three decades of high levels of even though not uninterrupted growth. Recent years saw economic growth of over 10 per cent per year, and while the world economy is contracting in 2009 China still appears to be heading for a growth of 6-8 per cent. China has thus become one of the world’s largest economies, and definitely the fastest growing one, even though tens of millions of people still live in extreme poverty.

Exports have been a main driver of economic growth (alongside capital formation), forming over a third of GDP (Siebert 2007). Its world market share of trade was about 7 per cent in 2005. While exports have been mainly low technology, the share of high technology is growing and already substantial. China has had surpluses in current, capital and financial accounts for many years, and accumulated huge international reserves (estimated at over \$2 trillion) – which with the financial crisis have become a major concern and point of debate. Foreign investments in China have played an important role for its exports, and over time policy moved from joint ventures towards allowing wholly foreign owned companies.<sup>29</sup> Capital flows and exchange rates continue to be controlled.

Increasingly, and fairly suddenly, China has also become an important investor abroad, by both private and state companies, and supported by government policy. In recent years FDI from China has grown to a stock of 100 billion, implying the creation of Chinese multinationals such as Haier and acquiring foreign enterprises or parts thereof such as Lenovo acquiring IBM’s Think brand.<sup>30</sup> Ministry of Commerce data suggest that the number of Chinese companies operating abroad increased from around 3,400 in 2003 to over 6,000 by 2006.<sup>31</sup> While rapidly growing, these outward flows are still a mere 1 per cent of total flows (and still only perhaps 2 per cent of China’s total state investment) – but the trend is unmistakable, and is thus rapidly challenging the ways globalisation has been understood.

While Chinese investment in OECD countries occasionally raise public and political concerns, its investment in developing countries has rapidly become subject of debate, between those that see a new “scramble for Africa”

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<sup>29</sup> International (net) private capital flows to emerging markets including China reached \$929 billion in 2007, and are expected to fall to \$165 billion from the 2007 peak (The Economist, February 7th, 2009).

<sup>30</sup> This is part of a broader emerging-markets trend. In 2003 31 companies from the emerging-market economies appeared in Fortune 500, in 2008 this rose to 62, and in ten years this may go up to one-third (The Economist, 18 September 2008).

<sup>31</sup> Quoted in Cook and Wing Lam (2009), which also emphasises that this process has included picking “corporate champions” to become China’s multinational firms.

or emphasise the negative impact on a rule-based international system<sup>32</sup> and those that emphasise the opportunity presented by China for Africa to integrate in a global economy.<sup>33</sup> China's investment in developing countries too is both private and state, and it is strongly shaped by China's long-term and strategic interests in raw materials, energy, and related to food security. Over the last few years, trade between China and Africa has been increasing rapidly, to over \$100 billion in 2008, which now makes China Africa's third largest trading partner (or fourth including the EU). China's main imports from Africa are oil and gas; Chinese exports to Africa include machinery, vehicles, textiles and manufactured products. Foreign direct investment in Africa has grown rapidly, to \$26 billion in 2007, even though it remains a small part of total FDI in Africa (3 per cent) and of China's total outflows (6 per cent). Largest recipients of FDI include South Africa, Nigeria, Algeria, Zambia and Niger.<sup>34</sup>

China's international economic interests – which directly follow from its domestic reform strategy, and are managed by a strong party state that carefully balances global and domestic interests – are arguably the main drivers of its global visibility. In the period of the “end of history” China is complementing the hard economics and global politics with carefully designed “soft power”, including through a resurgence of international aid, or cooperation as it is referred to.

## **6 CHINA AS EMERGING DONOR: SOUTH-SOUTH COOPERATION, SOFT POWER, OWN INTERESTS**

While recent debates often stress the distinctiveness of China's aid programme as it has developed over the last decade or so, many of its characteristics find clear similarities with that of the “old” donors, the ones that are formally member of the OECD's Development Assistance Committee. China prefers not to refer to aid, but to the language of cooperation, which is not at all dissimilar to debates over the nature of and objectives of aid of the old donors. While China's emphasis on “non-interference” is often held up as a distinctive trait, the old donors too have emphasized in normative fashion that it is up to the recipients to define the use and objectives of aid, in recent years

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<sup>32</sup> See for example the Freedom House analysis that stresses the impact of the new role of authoritarian regimes, including China, Iran and Russia, at [www.underminingdemocracy.org/execSummary.php](http://www.underminingdemocracy.org/execSummary.php)

<sup>33</sup> There is much emphasis on Africa, which has been reinforced by the widely publicised FOCAC (Forum on China-Africa Cooperation) efforts, but for China its neighbouring countries are at least as important, as are the impacts on development including international efforts in for example Cambodia, as described in Kurlantzick (2007). China's role increased in the 1990s because of the growth of regional production chains, and China's ability to manage the 1997-98 crisis.

<sup>34</sup> Figures quoted in Cook and Wing Lam (2009), who describe the possible effect of the crisis on the impact of China on Africa, expecting the relative importance of China will continue to increase.

complemented with a technical emphasis on ownership as precondition for successful aid. It is often noted that China does not officially sign up to an OECD (Paris) consensus, for example with respect to budget support, but we need to keep in mind that very few of the old donors actually implement these. While China's aid programme is often held up as an example of close links with its foreign policy and economic objectives, all bilateral aid programmes need to be seen as elements of donors' broader international strategies. And China's aid programme is implemented by a large number of government agencies; this makes it very different from the UK but is very similar to that of the US.

There are doubts about the size of China's aid programme. Why numbers are unknown is unclear, or may it be a combination of different issues: China may not know the numbers because the programme is implemented by many different agencies; there is no clear borderline between aid and trade and investment; and/or China for international or domestic reasons does not want to publish these figures (the latter being denied by some Chinese scholars). Brautigam (quoted in Li and Wang 2009) provides a figure of total Chinese aid being \$1.2 billion in 2007, with aid to Africa about \$625 million – which indicates how small it is compared to for example the UK aid budget of over \$8 billion. At the end of 2008, China announced it would not cut aid following the economic crisis. Aid tends to be directly connected to commercial activities, for example infrastructure projects – and most international commentators agree that China's focus on infrastructure fills a gap left by the old donors. Aid is primarily bilateral, and a combination of grants, concessional loans, and debt relief, project investments, training and technical assistance. While primarily bilateral and stressing its distinctiveness, new forms of donor collaboration have developed particularly with the World Bank (besides China's modest contribution to IDA) and with DFID.<sup>35</sup> It has provided increasing contribution to UN peacekeeping operations.

Chinese views stress the continuity of its aid programme since the period under Chairman Mao. The study by Li Xiaoyun and Wang Guolian for example stresses: "China's foreign aid to Africa started in 1956. Despite its own difficulties in economic development, during the 50 years since, China has provided large amounts of unconditional aid to Africa. China's foreign aid to Africa has amounted to 44.4 billion RMB implementing about 900 projects on infrastructure construction and social services provisions ... In 1963, China started to send medical teams to Africa with the total number over the years being 15 thousand. Currently there are 35 medical teams working in 34 African countries." And speaking about President Hu Jintao's visit to African countries early 2009, Foreign Minister Yang Jiechi said that "China has long been committed to developing the all-round friendly relations with ... African

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<sup>35</sup> For the latter, see <http://www.guardian.co.uk/world/2009/may/21/chinese-companies-investment-africa>, which describes collaboration with DFID on social and environmental standards for investments in road building.

<sup>35</sup> [www.fmprc.gov.cn/zflt/eng/zxxx/t540206.htm](http://www.fmprc.gov.cn/zflt/eng/zxxx/t540206.htm). See for example Li Anshan (2008) for a presentation on Chinese approaches and principles.

countries and has rendered disinterested assistance to Africa. During Hu's visits, China reached consensus ... on many issues including how to enhance bilateral trade and deepen pragmatic cooperation. This has fully demonstrated that China-Africa cooperation is all-round, multi-faceted, and long-term oriented, is based on equality, mutual benefits, reciprocity and win-win results, and enjoys great potentials and broad prospects.”<sup>36</sup>

But the aid programme as it (re-)developed during the 1990s is situated in the entirely different context that was described above, of China's rapidly growing economic interests in the continent, particularly in resource-rich economies. But China stresses that it has an interest in collaboration with the entire continent. For example, apparently responding to critiques, the recent visit to Africa by President Hu was explicitly publicized as being to countries that did not have natural resources. The recent international strategy is framed in a language of brotherhood and non-interference, particularly in Africa, forming an alternative to the post-colonial relations particularly of European countries. While the aid programme in the 1950s and 1960s was an essential component of the foreign policy ideology at the time, it now has become part of the “soft power” that China employs (see Kurlantzick 2007), notably with Africa, but also – though with assertiveness vis-à-vis the international development community. The term soft power has been used by top officials, for example in President Hu Jintao's address to the 2007 National Congress, where “soft power” (*ruan shili*) was used to describe China's efforts to improve the appreciation of Chinese culture for the Chinese people, for example the opening up of Confucius institutes around the world.

Even if China's aid programme is not as exceptional as sometimes suggested, this is not to say it – in conjunction with its commercial efforts – is not having a big impact on development. Arguably the most important issue is China's emphasis on non-interference, and opposition to conditionalities around good governance and human rights.<sup>37</sup> In practice, and perhaps by design, China's support in particular countries (notable examples include Cambodia, Congo, Angola, countries labelled by the international community as “fragile states”) does provide an alternative to the support that comes with heavy conditions of the old donors. This is likely to divide views and analysis for some time to come, with China increasingly critical of international organisations responses to China's engagement.<sup>38</sup> Given China's increasing efforts to enhance its role in the international community, one may expect that a new consensus beyond the existing “Paris Consensus” may emerge. In any

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<sup>36</sup> [www.fmprc.gov.cn/zflt/eng/zxxx/t540206.htm](http://www.fmprc.gov.cn/zflt/eng/zxxx/t540206.htm). See for example Li Anshan (2008) for a presentation on Chinese approaches and principles.

<sup>37</sup> The 2000 FOCAC declaration noted that imposition of human rights conditionalities themselves constitute a violation of human rights (quoted in Taylor 2006: 68).

<sup>38</sup> For example, as described in *The Economist* of April 18th, 2009, the Chinese Ambassador in Kinshasa accused the IMF of blackmail, because of its objection that the support package to be provided by China would again saddle Congo with unsustainable debt.

case, China's impact in countries where the old donors have found it hard to operate (fragile states) and in sectors that the old donors have neglected (infrastructure) is already very large, and only time will tell what the impact of this new force in international development is or will be.

## **7 CONCLUSION: WILL CHINA CHANGE INTERNATIONAL DEVELOPMENT, OR HAS IT ALREADY?**

The answer to the question whether China will change international development is both no and yes. The newness of the different experiences that China presents should not be over-stated. Its development record is almost unparalleled, but the explanations may not be as unique as sometimes suggested: its land reform, strategies of industrialisation, export-promotion, newly emerging global financial and soft power, can all be described without having to refer to necessarily unique characteristics. And, as Chinese academics would be first to emphasise, the development model has created many of its own problems, notably domestic inequality, environmental degradation, and global financial instability. What makes China fairly unique – but its explanations not exceptional – is the commitment and ability to address existing and emerging development problems.

But there are lessons that can be drawn from China's development success, and I believe the international community is rightly playing a growing role in promoting such lessons, and can do much to ensure this becomes less supply-led than is currently the case. There are lessons from China's records in reducing poverty, providing food security, promoting alternative industrial models, how it has provided and funded infrastructure, etc. Perhaps notably – though much less easy to “replicate” – there is great significance in understanding China's processes of policy reforms, the experimental and incremental nature of addressing development problems. China's experience needs to be better understood globally, and needs to be articulated in a way that makes it understandable to an international audience, while retaining the “Chinese characteristics” of the narrative.

In any case, China growing economic and political role, increasing confidence, and intentions to take its deserved position in the international community, all are already changing international development as we know it. Its approach to aid will have a growing influence in Africa, whatever the views of the old donors. It is too early to assess what that impact will be, as Chinese approaches are evolving very rapidly, and it is not impossible that a whole new different aid structure will emerge (though that is certainly not a current priority). As with all new forces, the impacts will be varied, and better mutual understanding arguably can help to make international development efforts of all parties more effective.



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