

Beijing Consensus and China's Rise as an Economic Power: Seeking a Viable Alternate Economic Development Model for Developing Countries

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ABSTRACT

In recent years, China has continued its economic and military ascendancy within the region and beyond, posing challenges to the supremacy of the US. The model of economic development that China has followed in the last few decades is being called the Beijing Consensus (BC) or China Model which is viewed as an alternative to the Washington Consensus (WC). However, to become a global hegemon requires much more than just a strong economy. At the moment, it seems unlikely that China can become a hegemon in the near future. Despite its fast growing economy and policies to keep this growth sustainable, China faces domestic as well as regional challenges. Until it is able to replace the US as the leading power in global politics it won't be able to influence other nations to the degree it might want. Although the Chinese model of economic development is increasingly being viewed favorably, most of the world still advocates the WC, which has been around for much longer. In addition, unless China is seen as following the conventional democratic values it might face a number of challenges at the intra and inter-state level.

Keywords: Beijing Consensus, China's rise, Economic Development Model, Washington Consensus

INTRODUCTION

In the wake of the worst global financial crisis of 2007-2008 since the 1920s the only country that appeared to have emerged relatively unscathed was the rising economic giant China. Although it suffered a huge drop in exports due to the spillover effects of the crisis, the massive stimulus package and monetary expansion introduced by the government was successful in mitigating the more negative consequences of the crisis (Li, Willett, and Zhang, 2012; Yu, 2010). The crisis brought to the front both the vulnerabilities of the Western economic system and China's hitherto underestimated steady economic expansion. China became the "indispensable power" whose latent great power capabilities were yet to be discovered by the rest of the world. Quoting Mao, those who undermine China's latent capabilities are like the frog in a water-well. *"We think too small, like the frog at the bottom of the well. He thinks the sky is only as big as the top of the well. If he surfaced, he would have an entirely different view ... China observers and outsiders may never be able to fully grasp the full "sky" that is China"* (Mao Zedong).

David Miliband, joking about China saving capitalism after the global financial crisis of 2008 (Borger, 2009), might have induced a few laughs, in the audience at the 2009 G-10 Summit, but it also raised a few alarm bells. There are now

an ever increasing number of analysts who take an alarming view of China's rise in the present century amidst fears that it might challenge the US and the Western global political and economic hegemony.

In recent years, China has continued its economic and military ascendancy within the region and beyond, posing challenges to the supremacy of the US and possibly leading to a multipolar global order. For example, traditionally Afghanistan has remained a low diplomatic priority for China, but a paradigm shift can be observed whereby as US is withdrawing its forces from Afghanistan, China is seeking a greater role in the Afghan polity, allowing it to extend its strategic and economic influence (Hong, 2013). Deflecting these emerging hegemonic challenges has become an agenda of necessity for the US. The US, indirectly identifies great power competition with China as the foremost center of U.S. national security policy which is indicative of the realization of the challenge posed by the rise of China (Baldor, 2018). Similarly, in the economic realm, the Trump regime has already started a massive trade war primarily targeting Chinese economy by imposing tariffs on Chinese products.

A general understanding of the Chinese society assumes a high level of intervention by the politically authoritarian government in the economy. Which makes the liberal world a bit wary of the Chinese and their intentions. Contemporary Sinologists, like Dr. David Shambaugh (2008), believe that China has garbed itself as 'Red Capitalists' through putting 'Red Hats', which has possibly allowed China to join global financial institutions and strengthen the Chinese economy. On similar thoughts, other commentators on China, like Stefan Halper (2010) have branded the Chinese economic model as "authoritarian capitalism" benefiting from the economic reforms of the 1980s and 1990s, and now gradually increasing its influence by lending money to underdeveloped nations. The model of economic development that China has followed in the last few decades is being called the *Beijing Consensus* (BC) which is viewed as an alternative to the US led *Washington Consensus* (WC).

This paper tries to explore whether China will prove itself to be a viable global power, and will it be possible for the Chinese leadership to garner support from its allies for the BC, if there is one, as an alternate economic model. What kind of political-economic conditions can China look forward to that might facilitate the BC and replace the values of the WC? Is China ready to lead the global financial and political system in an age of highly complex interdependence? The supporting arguments have been built on a study of Chinese economic engagements in Africa and Asia.

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PREVIOUS STUDIES

The Asian miracle is remembered as an historic moment of economic boom, when the world witnessed the rise of newly industrialized nations in Asia, known as the *Asian Tigers*. Following the growth patterns of the Asian models, China revived the economic momentum of 1980s. If we compare the contemporary scenario with that of the 1980s Asian miracle, China can be seen as leading the economic concert of 21st Century. Today, can China, an authoritarian capitalist, be considered as the leading global financial power or is it still too early? (Chin and Helleiner 2008: p87). At the same time, it's not easy to ignore China's global and regional initiative, the Belt and Road initiative (BRI), which is a powerful signal of its silent rising capabilities.

The Chinese philosophical traditions follow the belief that a slow and steady policy eventually yields the desirable pay offs. As the Chinese saying goes '*do not resist the flow of the river, join the flow and define the course of the river.*' This reflects the Chinese philosophy, which has helped China follow a gradual development model at a steady pace. Keeping Mao's words in mind, in order to understand the 'full sky that is China', outsiders need to surface beyond the well and know the Chinese society (Hom 2009: p12).

A state driven economy and foreign direct investment (FDI) have been essential features of the Chinese economic development strategy (Harris 2005: p2; Kroeber, 2016: pp13-14). Most Chinese economic historians argue that the contemporary financial institutions and mechanisms have roots in the traditional system, which consisted of national markets, an exports system, the role of state in economic growth and development, and forging of a social contract within the society (Stiglitz 2002: p78). It is also believed that along with new trade policies i.e. the globalist accumulation model which advocates the cross-border mergers, FDI, transnationalized assembly lines, multilateral institutions, the free flow of capital and framing common rules on finance, trade and investments are important elements of China's economic growth. More importantly, the digital revolution not only played a pivotal role in establishing international regimes but also in modifying the means of production and refining an integrated capitalist system (Harris 2005: p8).

China is an old civilization and has a rich culture of trade. Apart from the 'century of humiliation', China has always had a dynamic and successful economy. An overview of recent national history shows the struggle against imperialism which was followed by the communist revolution that set a path for state owned enterprises (SOEs), which direct the economic policies for growth and development. State-control and government patronage of businesses, however, is not something new to the Chinese society. Until the late 19th century it was in fact the main type of business institution along with the privately owned firms (Goetzmann and Koll, 2004). Although China has consistently reformed the SOEs, most of the control is still, directly or indirectly, in the hands of the state (Chang and Jin, 2016). This is partly because they fear losing control over their economic and political stability and would like to avoid experiencing dependency on international financial institutions like IMF and its structural adjustment programs (Harris 2005: p2).

The Chinese leadership has since opening up in the 1970s, has consistently implemented an extensive range of reforms transforming it from a state-controlled and closed economy to a more market-based and open economy (World Bank, 2018a). This in part explains the rapid growth that has helped China rise as an economic power. Through a global economic transformation and membership of numerous international regimes, China has managed to set viable policies through globalist or neoliberal models. Chinese leaders recognize the need to constantly keep their economy innovative, which is the hallmark of capitalism. Chinese leaders while opening up to the world are fully conscious of promoting their domestic initiatives and investing in their own scientific and technological innovations to improve the quality of life within the country (Jiabao, 2004).

In short, the state controlled policy worked out for China. Though the economic crisis of 2008 hit almost all the countries across the globe, China came back with a more resilient outlook. By the summer of 2009, China had already set up a massive stimulus program that partially offset the sharp downturn in growth which was a result of a spillover effect of the crisis (Li, Willett, and Zhang, 2012). Investing government funds to stabilize the economy was a predominantly 'neo-Keynesian' way to address the impact of the crisis. This strategy helped further build China's reputation amongst the global community for its prudent policies and it helped China forge long term relationships with other countries. In November 2008, the state introduced a stimulus package worth US \$586 billion, which was 13 % of the GDP that year. This move helped build confidence in the market, it further fostered confidence in and stabilized economic growth (Naughton 2009: p278).

Beijing's Policy of a Peaceful Rise

Beijing has, in a very short time, managed to reach a stage today where analysts in many circles around the world believe it will replace the dominant values and practices of the global political and economic system. As mentioned earlier, China opted for steady and calm strategy to attain its goal. It also seems that this policy is deep rooted in Chinese culture and tradition and is domestically practiced in the socio-economic and political realms. For instance, Chinese culture places a lot of emphasis on '*he wei gui*' which means 'priority to peace', and '*he er bu tong*' meaning there is 'unity in diversity' (Liu 2008: p.543; Medeiros 2009: p.252), which reflects Beijing's focus on instituting policies to help create an enabling peaceful environment. China has managed to develop a nexus between domestic development and foreign relations through the policy of 'peaceful development' or *heping fazhan*. According to Suettinger (2008), during 2003 and 2004, the leadership in Beijing while deliberating over the notion of 'peaceful rise' adopted the strategy of 'peaceful development'.

The concept of 'peaceful rise' itself was a relatively new discourse for the masses in the country. To make the public more amenable to the changing policies, the Chinese leaders also promoted the notion of '*xin daolu*' which means 'the new pathway' along with 'peaceful rise' (Liu 2008: p544; Wang 2008: p267). This long journey of peaceful rise and its gradual output, had a substantive positive impact on the Chinese economy. The politico-economic journey of three

decades ranging from 1977 to 2005, China increased its contribution in international trade from 0.6 to 6.2 %. In addition, its trade volume per annum soared from \$20 billion to \$ 1.76 trillion during the same period. It became the third largest trading country in the world after the US and Germany (Naughton, 2007). Since the introduction of China's policy of peaceful rise and its participation in the international economy it has set a precedent of socialism with Chinese features that works (Bijian, 2003).

Beijing did not lose a single chance to use the full opportunity of the peaceful environment. During the Cold War, bipolarity provided Beijing with a relatively better opportunity to focus on its growth, which helped it keep the GDP on the rise. Since introducing the changes in its economic policies, Beijing has enjoyed a persistently high GDP with an annual average of 10%, which is the fastest sustained development by a major economy ever recorded (Naughton, 2007; World Bank, 2018b). By 2005, World Bank reported a 6 fold increase in its growth rate, it also made a contribution of 1/3 to the global economic growth. China had reached \$ 2.225 trillion as high mark for its GDP that year. It also became the 2nd largest country after the US for having high purchasing power parity (PPP) (Naughton, 2007). In 2017, the GDP per Capita when adjusted by PPP was recorded at US \$15308.71 which is 86% of the global average (Trading Economics, 2018).

China has already started using the Yuan as a convertible currency with her neighbors. Keeping in view the growth rates, one can easily speculate about China's growing power. China is also the largest holder of U.S treasury notes, so in a way China holds a major stake in the US financial system. China, hence, with reason expects a more substantive and leading role in global affairs (Allen, 2009).

Another important dynamic of Beijing's resilience is its quick response to global events and learning from the experiences of other countries. Shambaugh (2008) identifies a number of case studies which after careful analysis by the CCP policy makers helped make national policies. These policies were adopted while ensuring that they caused no harm to either the party or the system. For example, during the 1990s the Chinese leadership evaluated the causes of the "drastic changes" (*ju bian*) in Eastern Europe, which were identified as economic deterioration, increasing debt, and a poor living standard; "dictatorships" (*zhuan zheng*) that were not in touch with the citizens and lack of grass-root level political mobilization; ineffective unions that were not acting as a "bridge" (*qiao*) between the party and the working class; and futile efforts by Western states for "peaceful evolution" towards political development (Shambaugh, 2008).

Beijing also carefully studied other global experiences which were a direct challenge to the communist system e.g., the color revolutions in Europe and more importantly the demise of the Soviet Union. In addition, they paid attention to other regime types in all parts of the world ranging from Syria to Mexico, as these countries have a single dominant ruling party like the CCP in China. For economic perspectives, Beijing also studied the Latin American Corporatist systems, especially in Argentina, Brazil, Chile, etc. Shambaugh called this process an 'eclectic borrowing'

whereby Beijing selected the best from all and used it as a mechanism in its rise as a global power (2008: p291-292).

Beijing consensus - A Chinese economic model?

Another important aspect of China's rising power is a substantive improvement in its soft power. Many academicians and scholars have shared their anticipation of China as a potential challenger to American hegemony. The US for more than six decades has dominated world politics and safe guarded the provision of 'public goods'. Many believe China is still in a fledgling position and it is too early to consider it on an equal footing to the US. However, scholars like Joseph Nye Jr. (2005) have anxiously discussed the decline of American soft power and the rise of Chinese soft power in the last few decades. On the economic front, many analysts have also been predicting that the BC might replace the WC. The BC is also known as the China Model. At the China-African Summit in 2006, the phenomena remained a hot topic of discussion amongst the participants (Wang 2008: p267; Qinglian 2005: p19).

Some scholars are skeptical of China's soft power capabilities which they believe are over hyped. The American values have not been replaced by the Chinese ones which are not as appealing. China's economic needs and its pursuit of energy supplies is more at the heart of its diplomatic initiatives than an aspiration to propagate any national ideals and values which it lacks (Wang, 2007). It is thus highly unlikely that the developing nations would actively aspire to follow the Chinese model instead of the Western one. Despite these observations, Joshua Cooper Ramo who used the term for the first time in 2004, believes that the BC can be an appropriate replacement of the WC. He considers the WC as a hallmark of end of history arrogance. He further expounds the idea that the WC has destroyed economies while China's development approach is based on equitable, peaceful high quality growth (Ramo 2004: p4).

From a theoretical perspective, the idea propounded by Chalmers Johnson of a paradigm change in his 'revolutionary change' system/value consensus theory may explain the present state of affairs. He posits that there is value coordination in a crisis free society and affairs within such societies are synchronized. Endorsing the idea of the 'social contract', he believes that when there is dis-harmony or dissatisfaction with the hegemon, there will be dis-synchronization. It is the duty of hegemon to re-synchronize the situation or else any other value based consensus will replace it. According to Stiglitz (2002), the hallmark of the WC is free liberal market and privatization which in turn provides a conducive environment for local and FDI (Stiglitz 2002: p67). Though the WC has led a great change in global political economy, if compared to the Beijing Model it seems to fall short of achieving the goal of economic prosperity for all. There is a little slack towards issues of equitable distribution or fairness in the WC due to trickle-down economics (Stiglitz, 2002). Advocating this idea further Stiglitz (2002) argues that the more affluent contribute more to the economy and hence it is in the interest of the states to devise policies that might promote inequality by favoring the rich. It has also been witnessed, in many parts of the world both in developing and developed countries, the inability of states to meet the needs of the people have led to protests.

These protests prompt many policy makers to think of alternative consensus policies (Fues 2007: p31; Stiglitz 2002: p20).

The Chinese authorities hold very derisive views regarding the WC. They believe that the WC only focused on privatization, liberalization, and transparent economic development. They are of the opinion that the WC breeds more inequality that leads to corruption and management failure as has been witnessed in Argentina (Qinglian 2005: p20). Moreover, the WC policies while placing more emphasis on promoting export, does not talk about removing barriers on imports (Stiglitz 2002: p92). The Chinese endorse the BC on the grounds that it not only provides a viable economic model for developing societies but it also seeks the solutions for 'political issues, quality of life and balance of power in world politics.' Therefore, the principles of the BC like equality, peace and high quality economic growth have replaced the *arrogance* of the WC (Qinglian 2005: p20).

Detractors of the BC accuse the Chinese authorities of endorsing the BC, while turning a blind eye towards their own unresolved socio-economic problems. Some of the allegations include keeping their own citizens deprived of the basic necessities. One of the criticism stems from the fact that almost 15% of China's rich possess 85% of the total wealth, and the gap between the poor and rich keeps on increasing. The issue of pensioners is also soaring up, due to 'empty accounts' and shortfall of money that had reached US\$72.3 billion in retirement insurance shortfalls by 2004 (Qinglian 2005: p21). However by 2015, China to address the disparities of the pension system, introduced, a Government and Institution Pensions (GIP) regulation. The majority of people are now protected under the pension regime. This has had a substantial impact on poverty elimination and income equality (Zhu and Walker, 2018).

Furthermore, it is also claimed that the Chinese authorities have failed to provide workers their basic rights. There is a lack of proper safety arrangements for workers in unsafe working conditions. For instance, world's 35% of coal is produced in China and it accounts for 80% of total deaths in coal mining around the world (Qinglian 2005: p23). Some analysts, however, argue that the BC is in fact the way the Chinese have remodeled the WC to the Chinese context. This has been done through institutional and policy reforms which reflect the principles of institutional innovation, equitable and sustainable development, and self-determination. None of these entail strong government intervention (Yao, 2011). The Chinese government seems to have in fact embraced the principles of neoclassical economics which include an open economy, privatization, a cautious fiscal policy, market liberalization, and the protection of private property (Yao, 2011).

Beijing Consensus' Impact on Different Parts of the World

Despite the flaws with the BC, it has managed to extend its influence in many parts of world more specifically in the emerging economies of Africa, Asia and Latin America. An analysis of its influence in Africa, shows the same formula of peaceful development. On one hand, China is the biggest recipient of aid and, on the other hand, it is also one of the most rapidly growing donor of aid. China's development is

gaining a positive position among many countries across the globe. By and large developing countries are easily attracted towards the BC. There are various reasons for this ongoing process. During the 2006 Forum on China-African Cooperation, many African leaders showed their interest towards the BC as an alternative path of development to the West led model. Due to the rising cost of manufacturing within the country, Chinese companies are looking to invest in other countries. This appears to be a good opportunity for African countries to attract foreign direct investment from companies willing to shift their operations to lower cost manufacturing sites.

A study of, Rwanda and Ethiopia, shows that they have been following the Chinese economic growth model and have already experienced success. While the regional economic growth is averaging at 5.4%, Ethiopia's economy shows an average gross domestic product (GDP) of nearly 11% since 2005 making it the fastest growing economy in Africa. Similarly, Rwanda has an average GDP of 8% making it a success story of the Beijing Model (Kroeber, 2016: p247-248; World Bank, 2018c). Kroeber (2016, p249) argues that in light of the success of these African countries and China itself the state should have a proper role in ensuring a favorable environment for investment. In addition, infrastructure and pragmatic industrial policies are crucial elements for any successful economy. Under the Chinese led Belt and Road Initiative (BRI), China is offering to invest in mega development projects at par with the World Bank and IMF. The establishment of the Asian Infrastructure Investment Bank (AIIB) in 2015 and the creation of the Silk Road Fund worth US\$40 billion is part of its efforts to establish itself as a viable economic model (Kroeber, 2016: p246). The interest shown globally by most countries to the BRI is testament to the attraction of the Chinese model of economic growth. These countries range from the developing to the most developed nations in Asia, Europe and Australia. Leaders around the world are either seeking investment or want to invest in the various projects under the BRI.

China has been engaged in the African continent in multiple ways during various times in history. During the cold war for example, in 1955 the Bandung Conference brought the Africans closer to the socialist countries. On the economic side, during 1960s China helped building the Zambian and Tanzanian Railways which cost more than US \$450 million. In the political realm, Beijing backed various left wing parties struggling in Africa, these included the Pan Africanist Congress in South Africa; the Mozambique Revolutionary Committee; and the National Front for the Liberation of Angola. However, all the movements China supported were unsuccessful and China lost its reputation in African continent (Cheng & Shi 2009: p88-89).

During Mao's period we can see a rhetorical kind of relationship between China and Africa, except on a few projects. But it set the roots for a closer and more practical relationship in the future. In the post-Mao period, particularly in 1980s, we see a substantive development in the relations between China and Africa. In the North-South relations debate on the theory dependency and exploitation by industrial societies, Beijing used the south-south card and the then Chinese Premier Zhao Ziyang came up with four

principles for reinforcing and cooperating on South-South relations, these included *equality and mutual benefit; a stress on practical results, diversity in form, attainment of common progress* (Cheng & Shi 2009: p89).

In recent years, there has been a strong growing support of BC among African countries. From 2005 onwards, many agreements and understandings between Africa and Beijing have been signed. During 2005, Beijing offered free tariffs on some of the imports from 25 African least developed countries, while 16 African countries were designated as Chinese tourist destinations. In addition to imports, exports and infrastructure development, Beijing has also trained thousands of Africans in China in various human resource development programs. It is also concerned about the tribal/ethnic conflicts in Africa and has rendered services under UN auspices in peacekeeping missions in Congo, Liberia and Darfur. In addition, China also sent an ambassador to Ethiopia, who not only served as the ambassador to the African Union but also helped in various disaster relief projects (Cheng & Shi 2009: p89-90).

Many of African states believe that China is an answer to address their real requirements of development. These development problems are not properly dealt by *neoliberalism's corporate initiatives* (Sautman & Hairong 2007: p83). China has also gained from forging better relations with African countries particularly in heavy industries like steel, aluminum, auto parts and heavy machinery which has become more significant in recent times. The monthly surplus trade has jumped to US \$20 billion, in this regard, Africa is a significant economic partner to China. Beijing believes that the beginning of this century has opened a new vista of economic development in Africa. By 2000, nearly 500 Chinese firms were functioning there, and if we compare the contractual investment, out of US \$990million, China alone invested US \$680 million (Cheng & Shi 2009: p102).

Table 1 shows that trade between China and Africa has increased dramatically over the past decade. By reviewing all these activities can we accept that BC has a hold on the African continent and is going to replace the WC?

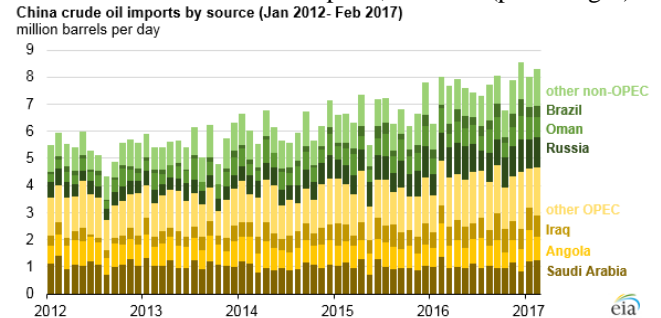
Table 1: Sino-African Trade, 2002-2016 (\$ US millions)



The table below shows that in 2017 China imported over 8 million barrels of crude oil per day from Africa, Brazil and Russia. Angola is a major oil exporter to China. In 1997, Beijing's signed agreements with both Chad and Niger to explore oil in the countries. In addition to oil or other raw materials, China has invested in different range of sectors in Africa that has contributed towards a great level of joint

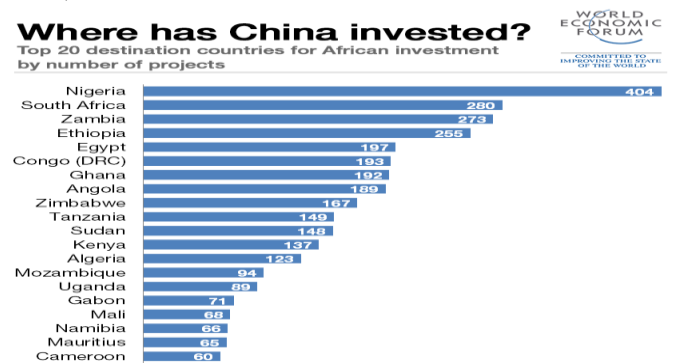
ventures initiated by both sides. Resultantly, it has caused a rapid expansion vis-à-vis flourishing of trade between both sides.

Table 2: China's crude oil imports, 2012-17 (percentages)



Likewise, we can have a quick look over Beijing's influence in Asia. From a rational perspective, it seems obvious that China will first secure itself in its home ground and then go beyond the continent. In this regard, China is trying to strengthen its roots in Asia both politically and economically. In Africa, Beijing will not allow the unilateral action of Europe and United States as it has a huge investment now, but at the same time Beijing will not be disposed to confronting either Europe or United States in Africa, which will be quite challenging for it. In case Beijing confronts the West in Africa then it must be ready to face tough consequences and to pay a huge pay off. However, in the case of Asia, Beijing is very much vigilant, as far as the economic vis-à-vis political interests are concerned.

Table 3: China's major investment in Africa (by the end of 2015)



Source: <http://brook.gs/1KWTFcX>

In Asia, China can be a potential rival to the American soft power. With the rapid boom in the Chinese economy, Beijing has also embarked on rigorously disseminating its values as well as marketing its institutions, beliefs and norms globally. For example, China radio broadcasts Chinese news and views to Asian and global audiences 24 hours a day. China is also strengthening its footings in all regional organizations particularly ASEAN, SCO etc. so it develops mutual interest which would ultimately enable it to dominate the region (Kurlantzick 2005: p 432). Although not confirmed officially, there is talk of a merger of China's largest state television broadcaster (CCTV) and two radio stations to expand its global news network on the model of the US funded *Voice of America* (Feng, 2018). This is an attempt to boost its soft power globally.

In contrast, it will be also misleading to see US-China economic ties as a zero-sum game, because the growing

interdependent nature of financial and political system has highly globalized everything. China has replaced United States with South Korea, Australia, and Thailand as a leading trading partner; despite United States being their ally in East Asia. It basically reflects the comparative advantage of China's low-end manufacturing and product goods to these countries in the region. Which has led to a shift in the economic balance of power in the region. Even though, during 2016, under the BRI four out of China's top ten economic partners were along the BRI route (World Trade Organization, 2018), China still needs to work harder in the region before BC can replace WC.

CONCLUSION

China might be a country with nearly 1.4 billion hard working people determined to make their country stronger amongst others. China's source of strength is its economy and to meet the credentials of a global hegemon requires much more than just a strong economy. At the moment, it seems unlikely that China can become a hegemon in the near future. The hegemonic stability theory refers to the free ride provided by the hegemon in terms of the provision of public good and safeguarding the interest of the global community. Despite its fast growing economy and policies to keep this growth sustainable China faces domestic as well as regional challenges. China's diplomatic architecture emphasizes the promotion of peace and cooperation through economic means. This has allowed the rise of a middle class and enhanced the quality of life in China. Almost 60% of the Chinese population resides in rural areas, while 135 million lives on less than US \$1 per day, which means *any small problem in China can grow into a huge one if multiplied by 1.3 billion. A big achievement can become too tiny to notice once divided by that number* (Ying, Chinese Ambassador to UK 2009: p 17). This problem is still worrying to the Chinese leadership which wants to create a balance between the fast urbanized and industrial population with the majority that is rural. This might evolve into a socio-political problem for the Chinese society if not managed properly. To address the domestic skilled labor and a skewed market industry, China is moving across continents like Africa to acquire more and more land to engage its labor force. On the one hand, BC rejects imperialism but on the other hand it is itself acquiring huge tracts of foreign lands, a step which might be construed by some as imperialistic.

The rise of Chinese power is substantively evolving towards a realization stage, but believing it as a dominant dogma still requires some time. China needs more time to adopt and socialize with the prevailing global civic norms, which ensures the basic rights of individuals. Hom (2009) and many other scholars criticize Beijing for violating basic the human rights. Chinese leaders when criticized for violating human rights respond with the old chestnut, that *China is so big and diverse, and progress is already underway* (Hom, 2009: p12). Moreover, the redistribution of resources is another challenge at the domestic front, because the greater proportion of the population lives under the poverty line. Despite the economic growth a huge proportion of the population lives under the poverty line. 400 million are barely lifted out of poverty whereas 300 million are in a row, 600 million drink contaminated water from industrial waste

(Hom, 2009: p12). The success of the Chinese economic reforms has had a substantial impact on *reducing extreme poverty* (which) *has significantly contributed to the decline in global poverty* (World Bank, 2018a). China has been able to bring more than 850 million people out of poverty which is a major testament to the efficacy of its policies.

Chinese leaders and many scholars argue that China has adopted capitalism in its own form (red capitalism) and is providing liberty to its citizens, but there is some skepticism globally. The world witnessed the Tiananmen Square crackdown of 1989, even though the regime in China normally censors the foreign media (Goldman 2009: p269). In 2008, more than 7,200 people including scholars, writers and professionals signed the Charter 08. Charter 08 submitted 19 proposals to the Chinese government on 'constitutional reform, judicial independence, freedom of expression, and human rights protection' (Hom 2009: p15). Keeping in view these trends, China still has a long journey ahead to achieve a number of targets. Without achieving a range of objectives from socio-economic aspects to political and environmental ones, it would be a tall claim to consider China as replacing other global hegemonies. However, at the same time one must not ignore its potential global hegemonic capabilities as well.

China is presently in a process of emerging as a global power. Chinese analysts refer to its rise as national 'revitalization' and 'rejuvenation' (Medeiros 2009: p251). However, until it is able to replace the US as the leading dominant power in global politics it won't be able to influence other nations to the degree it might want. In conclusion, most of the world still advocates neoliberal policies and the WC. It has been around for much longer than the Chinese model of economic development. In addition, it will be difficult for China to convince other nations to emulate its alternative 'democracy' (Thornton 2007: p228). Unless China is seen as following the conventional democratic values it might face a number of challenges at the intra and inter-state level.

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