

## **Impoverished to Ravenous – 21<sup>st</sup> Century China and Sustainable Development**

By Anuradha Kataria

The just concluded RIO +20 Summit has received universal criticism in letting down the environment agenda set about 20 years ago, devolving into some sort of corporatization of the Green economy. While purported as the largest Earth summit with over 100 heads of states, the proceedings were marred by conflict and discord between developed and developing countries blocs as well as a general sense of unease over [green economy goals being manipulated to cater to the markets](#) rather than address genuine ecological concerns. Sustainable development, which in principle strives to achieve a fair, equitable, just and “green” economy alongside poverty alleviation remains elusive. In this backdrop, let us examine China that has spearheaded economic development in the developing world over the last few decades. On the one hand there are questions about the long term viability of its export oriented growth model and on the other its rapid industrialization’s impact on the environment as well as its progress on other parameters of development. What is unique about China’s industrialization story as compared to other developing countries given that even in the BRICS bloc, Chinese economy is equal to the other four put together. How is it faring on environmental standards and a question that is asked less often nowadays, what is its tryst with democracy?

Not too long ago China was an impoverished country in the news often for its violent Communist past and abysmal poverty. For quite some time, India and China were spoken of in the same breath due to their overwhelming population and poverty. The last decade however saw China’s stupendous rise to global power, based largely on its economic achievements. While still a part of the BRICS bloc, the Chinese economy leads the rest by miles and is equal to the balance four put together. Having become the world’s second largest economy, today China’s comparative benchmark has shifted to the US as both nations vie for economic, defense and political supremacy on the global front. Although China’s GDP is yet only \$5.93 trillion, well short of the US at \$14.6 trillion, the current decade will determine if the Chinese economy will plateau at this level, akin to Japan few decades back or really soar even further. Regardless of the predictions about its long term economic prospects, China’s rapid development and break from poverty is unprecedented where over [600 million people were delivered from abject poverty](#) (defined as \$1.25 per day) between 1981 and 2005. As the nation seems ever so ravenous for greater growth and power, let us trace China’s development history and assess how solid and sustainable is its current economic position as well as its progress on other parameters of development.

China underwent a tumultuous era under Mao Zedong led Communist revolution that was marked by violence, loss of millions of lives and yet none of the stated objectives of equality, poverty alleviation or economic development were achieved. Seeing the failure of the State command control socialist model, China started undertaking market oriented reforms starting in about 1978, pioneered initially by Deng Xiaoping. China took a cautious approach to market economy first establishing SEZs – Special Economic Zones in limited areas earmarked for this

experiment. Soon seeing the success of these zones, the model was scaled up and many more SEZs were established as well as expanded. This form of phased development allowed China to learn the ropes of the market economy unlike its Communist neighbor Russia that went through a shock therapy and ended up in a greater mess. Further, China did not adopt a pure market economy and that seems to have worked in its favor. One key difference was that the state invested heavily in infrastructure – be it roads, power grids or even public infrastructure. Given the long gestation period of infrastructure projects as well as marginal returns, it is not so lucrative to the private sector and state investment in the same accelerated China's development. On the one hand good roads, public amenities, power supply etc. raise the standard of living for the common people and on the other, are a strong incentive for industries to set up shop.

In a relatively short span of time, China has become the “factory of the world”. Why are industries eager to set up shop in the developing world and in particular China? Because it is profitable and it is also relatively “hassle free”. It is profitable because the developing world offers production at much lower costs, be it goods or services. Given the global imbalance in labor and other costs, some of this economic leveling was inevitable in an increasingly open world. As the standard of living rises, these costs are going up in China but it may still continue to be a dominant export economy on account of two reasons. One, as already highlighted, is its outstanding infrastructure and two, Industries are offered a lot of sops and hassle free existence by the CPC. Inundated by lawsuits and stringent legal and regulatory framework in the Western developed world, industry has found itself a safe and comfortable haven in an industry friendly country like China.

Environmental degradation is the first challenge of China's breathtaking industrialization, although that was also the case in Europe about two centuries back in the early stages of industrialization. Within the CPC also there is a divide over its pace of development and a rising awareness about what it is doing to the environment. This is certainly a challenge before the nation as [China has become the lead country on Carbon emissions](#). In the just concluded Rio summit, once again the developing countries made a lot of noise over opposition to environment regulatory framework citing “poverty” as the reason which increasingly looks like an excuse. On every other parameter, the developing world today is assertive and demands an equal footing and gone are the days of Western imperialism. But at the same time, when it comes to an important cause of protecting the environment, developing world bloc likes to pull out the poverty badge. Poverty alleviation need not come at the expense of environment nor is environmental conservation a superfluous goal that can be addressed a century or so later. For instance, India is facing acute water shortage and the World Bank predicts that [India's ground water table would dry up in about 15 years time](#). What would that do the 1.2 billion (and counting) – how would the nation cope with this impending crisis and yet there is little debate or focus on the issue. Likewise China's industrial belt's environment is so polluted that there is a constant haze over its vast areas. It is hard to believe that people inhaling such toxicity would not develop any long term health hazards. Protecting the environment is not a “developed world agenda”; it affects the developing countries equally if not more.

Overall, it may be said here that life for an average citizen is still far better in China as compared to any developing country including the neighboring democracy, India, which remains mired in

rampant gender crimes, caste based oppression, lack of law enforcement and abysmal poverty etc. China seems to be higher on a societal development curve as compared to that. Apart from infrastructure, China continues to invest heavily in education, allocating as much as 6% of the GDP to it. Street crime is quite low in China and there is access to basic health care for the people. These are still a distant dream for most other developing countries. Up until China's rise to an economic power, it was believed that democracy and free markets go hand in hand. In fact anytime IMF or World Bank moved to rescue yet another decrepit African nation, they would first urge democratic reforms before helping with market reforms. Initially when China started turning around, its success was doubted, touted as a flash in the pan, not sustainable etc. since it did not have democracy which was widely believed to be an important pre-requisite for development. But as China's rise continued steadily through the 1990s and at an even more astounding pace in the 2000s, this assumption stands challenged.

Given China's authoritarian model, its decision making as well as implementation is fast. What CPC says goes and China is no doubt a tight run ship. And it is this centralized structure that has enabled China to pull millions out of poverty in such a short span of time. This model has worked well in the last few decades especially for the masses given that it meets their basic needs of food, shelter, water, electricity, education and health care (no other developing country has been able to achieve this thus far). Further, for the older generation, China is far more open and liberal as compared to the past they have endured. But there is a generation next that has not seen that poor and oppressed China, is exposed to the world through the internet and is has its primal needs already met. This yet remains in a minority, mainly in the large cities but still, there is an awareness of basic rights and a desire to have a say. There also is a wealthy class that often finds itself victimized should they ever fall out of favor with the CPC. As China scales greater economic heights, it may not be able to ignore the higher order needs of this emergent class especially in a free world which is being revolutionized by internet and communication technology.

How those higher order needs can be met remains an enigma as clearly just a turn to democracy has not really worked in the developing world. For instance, [Indian democracy](#) is perhaps the most stable and evolved of democracies in the developing world. It no doubt has some benefits for the educated and well to do urban citizens who are relatively empowered, can buy private infrastructure and enjoy open and free debates and discussions etc. But six decades on, it is not clear if democracy works for the majority -70% of India remains doggedly rural and the poorest sections of the society suffer a lot of oppression, violence as well as lack of access to basic amenities like water, power or toilets. Life in urban slums is even more wretched and seemingly hopeless. Democracy in India benefits its minority of prosperous elites as it meets their higher order needs but fails to meet the basic needs of its vast and poor majority.

In contrast the Western world underwent tremendous social changes and awakening for centuries alongside its economic development. Voting rights too were extended gradually in tandem with the same and the end result has been astounding, current economic turmoil notwithstanding. A short cut to the end with universal voting rights without undergoing the necessary processes of social reforms has been the undoing of most developing world democracies which believed just granting voting rights to the populace enables an evolved and empowered society; far from it. Democracy has a totally different shape and form, mostly

subverted, in the developing countries and has failed to achieve a fair equitable or just society. China has not followed that path which perhaps has enabled its rapid development on the economic front. Despite its unitary political model, life of an average citizen is far better than anywhere else in the developing world. However, while China has raced far ahead of other developing countries, its entry into the developed world fold remains tinged with a lag on development along other socio-political and environmental dimensions.

China's economic fundamentals seem strong given its high level of investments and an industry friendly (perhaps too friendly) environment. As an economic powerhouse, it is perhaps here to stay but can it transcend to a more evolved society now that its benchmark has shifted to the developed world, it is hard to say. Most critically, can China step up to setting some serious environmental goals and start delivering on them given the obvious environmental impact of its large industrial base. This is the real challenge before this ambitious nation that seems ravenous for greater economic growth but lagging on the sustainable development goals.

#### About the Author

Anuradha Kataria lived in China for three years returning to India about a year and half back. Living in China gave her a good perspective of the life of an average citizen. She is a Researcher cum Writer and is based in Delhi NCR, India. She has authored a book - Democracy on Trial All Rise! which is a critique of democracy in the developing world.

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