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China in Xi's "New Era"

REDEFINING DEVELOPMENT

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Chinese president Xi Jinping's speech during the Nineteenth Party Congress in October 2017 marked a turning point in China's willingness to exhort developing countries to follow its example. Socialism with Chinese characteristics, said Xi, had blazed "a new trail for other developing countries to achieve modernization," offering "Chinese wisdom and a Chinese approach to solving the problems facing mankind."¹

Although Xi's comments heralded a new boldness, China's impact on the field of foreign aid did not begin there. Over the last decade, China has been working to reshape the norms, architecture, and practice of development assistance. It has emerged as an alternative source of infrastructure financing for many countries of the global South, and has become an institutional player through its Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDB or, as it is often called, the BRICS bank). Nearly all these advances are entwined with the Belt and Road Initiative (BRI)—a vast infrastructure-building, trade, and investment effort that Beijing launched in 2013, and that currently involves more than seventy countries stretching from Norway to New Zealand. Despite signs of reluctance from countries that fear owing mammoth debts to China, plans for the BRI remain ambitious and extend to the Western Hemisphere.

China frames its engagement with the developing world as guided by the principle of "noninterference," a riposte to what Beijing sees as the ideologically driven Western donor model of promoting democratic governance and human rights. Even as the wider international-development community has moved toward treating certain principles of demo-

cratic governance as integral to development, China's government has been using the BRI and its "community of common destiny" tagline to push the notion that economic growth without political liberalization or accountability is not only possible, but advantageous.

Why does China's rise as a development funder matter to the state of democracy around the world? When foreign assistance becomes part of broader conversations among and within developing countries, the effect can be to strengthen such core features of democratic governance as citizen voice and participation, media independence, transparency, and accountability. If the institutions driving the development conversation ignore or even undermine liberal-democratic values and concerns, however, the global durability of democratic governance can suffer, corruption can flourish, and authoritarianism can find fertile ground.

China has emerged as a development player during a period of growing (if uneven) emphasis on governance as a driver of positive development outcomes. The mainstream development community generally prefers to speak of "good governance" rather than "democratic governance." The former term sets aside formal political elements such as elections in favor of a focus on transparency and accountability in public-service delivery and the management of public finances. Despite its abstraction from matters overtly political, "good governance" has evolved in recent years to include support for such democracy-friendly things as stronger civil societies, independent media, right-to-information laws, governmental openness, and official accountability.

This change has not come suddenly or easily. Certain bilateral donors, particularly the United States and the Northern European countries, have historically prioritized democracy assistance and supported democratic principles and practices. The mainstream development community, however, has been deeply allergic to proposals hinting at actual politics, preferring to focus instead on economics and incremental technocratic reforms. This approach reflects a number of factors, including the development community's traditional prioritization of economic over sociopolitical expertise; institutional risk aversion; rules barring multilateral development banks from interfering in the political affairs of recipient states; and veiled influence from China and other authoritarian countries.

As mainstream thinking on development evolved from this largely macroeconomic framework, scholars and policy makers began to converge on what at the time seemed a somewhat radical idea: Good governance is good for development. Specifically, such governance helps to create the resilience, feedback loops, and capacity for self-adjustment that encourage social and economic progress. The World Bank's 1992 *Governance and Development* report marked an early foray into understanding the link between the quality of governance and the management

of economic and social resources, touching on such factors as transparency, information availability, and the role that NGOs play in holding officials accountable.² In 1999, the Nobel-winning economist Amartya Sen, who in the early 1980s had popularized the idea that independent media improve governmental responsiveness, proposed a link between economic development and a set of key freedoms.³ Several years later, the World Bank's landmark *Right to Tell* report argued that an independent press, by giving voice to the poor and disenfranchised, was not a "luxury" but a precondition for sound and equitable economic development.⁴

Critics charge that obligating developing countries to make sweeping accountability reforms is burdensome and unrealistic. As donors have seen how easily developing countries can opt for Chinese aid that comes with what appear to be fewer strings attached, the good-governance emphasis has grown more precarious. For their part, Chinese officials are eager to lead the development conversation in ways that emphasize China's model of preconditions-free aid.

In March 2018, the Chinese government announced the creation of an international-development cooperation agency under the State Council, part of a major reorganization of China's bureaucracy. The new agency, which will take over foreign-aid work currently overseen by the foreign-affairs and commerce ministries, is likely to focus on advancing the BRI, and to more fully leverage foreign assistance as a component of diplomacy.⁵

There is debate about exactly which Chinese financial flows qualify as aid. Many agree that the Chinese definition of "development assistance" goes beyond grants and concessional lending to encompass commercial loans and investments. While parsing Chinese development flows can be difficult (China does not disclose its assistance figures), one recent AidData study estimates that less than a quarter of Chinese spending in this area between 2000 and 2014 had come as "official development assistance," by which the OECD means projects with a grant element of 25 percent or higher.⁶ Instead, and in contrast to the practice of longstanding donors, China's assistance comes largely in the form of export credits and loans made at market or close-to-market rates.

Prominent Chinese development thinkers have advocated using China's approach as a model for rethinking development aid.⁷ Based on its preferred, expansive definition, China could argue that much BRI-related activity, including investment and trade, should count as development aid. There has been pushback, with critics from Southeast Asia to sub-Saharan Africa complaining that the BRI is more about Chinese geopolitical goals—securing access to strategic resources, for example—than about local development. Yet at the same time, China's own rise has offered the developing world a powerful example of poverty

reduction, giving Beijing's efforts a heft and legitimacy that rhetoric alone could not provide.

The Keys to Influence

Beijing wields its influence in three main ways: by participating in the existing organizations and arenas of global development; by establishing its own institutions and initiatives; and by shaping projects on the ground.

1) *Participation in existing arenas.* In keeping with China's emergence on the global stage, China has increased its power in the mainstream development community. In the nearly forty years since China resumed its World Bank membership, it has grown to become the Bank's third-largest shareholder. China also works to steer the development conversation away from areas that it finds politically problematic. During the 2014 drafting of the UN Sustainable Development Goals, which set development priorities for the UN's 193 member states, China was among those opposing a goal that called for "freedom of media, association, and speech."⁸ China's resistance helped to ensure that the goals adopted in September 2015 featured vaguer language and failed to mention media independence or the freedoms of speech and association.

2) *Developing Chinese-led institutions and initiatives.* China has moved to establish its own institutional architecture in the development-assistance realm. The combined weight of the AIIB, the BRICS bank, and the BRI now rivals that of the established multilateral development banks, and has made China a key player in global infrastructure funding.

The AIIB, with more than eighty approved members (the United States and Japan are conspicuously absent), has been lauded as a diplomatic success—a demonstration that China can lead in a realm previously dominated by wealthy industrialized countries. The AIIB's Articles of Agreement give Beijing more control over presidential selection than Washington has in the World Bank or Tokyo in the Asian Development Bank, and appear to afford China broad veto power.⁹

But it is the BRI that represents China's most ambitious agenda. Initially conceived as an infrastructure network, it has become a kind of operating system for Xi's vision of an interconnected, China-centric order positioned as an alternative to the existing rules-based international system.¹⁰

Unconstrained by the formal governance structure of a multilateral bank and tied closely to China's geostrategic aims, the BRI is deeply immersed in the universe of development assistance, yet also extends beyond it. Although linked inextricably to Xi's foreign-policy goals, it has gained the support of the mainstream development community and now numbers such prominent figures as former British prime minister David Cameron among its representatives.

The BRI has not been an unalloyed success story, however. In countries

where its projects have soured, its blending of development work with China's geopolitical aims has raised doubt and opposition. In December 2017, the government of Sri Lanka admitted its inability to repay the US\$8 billion that it had borrowed from Chinese firms to build a deepwater port at Hambantota on the strategic southern coast of the island country, close to the vital shipping route that ties the Persian Gulf to the Asia-Pacific region. Colombo then handed the project to Beijing on a 99-year lease, causing analysts to wonder whether this exchange—some critics call it “debt-trap diplomacy”—will set a precedent for other countries that get in too deep with China and find themselves signing over strategic assets or territory.¹¹

3) *Where policy meets practice: projects on the ground.* Chinese projects have also faced opposition from local groups voicing environmental and other concerns. These protests suggest key accountability gaps in the design and implementation of Chinese projects, including failures to include citizen voice and participation. Resistance has stalled or stopped several projects, among them the \$3.6 billion Myitsone Dam in northern Burma and a high-speed railway linking Kunming in southwestern China to Singapore. In some instances, the Chinese government has responded to protests by concealing project information.¹² China's disregard for civil society as an independent actor that can demand accountability reflects core values inherent in its development approach.

Even as the mainstream development community has recognized how vital independent media are to good governance and development, China's approach to media in developing countries has aimed instead at expanding China's influence. When China works directly with developing countries on media issues, such as through the multiyear Forum on China-Africa Cooperation, it tends to burnish Chinese media principles rather than emphasize accepted norms of journalistic independence and accountability. Concerns have also emerged in Pakistan about elements of a signature BRI project, the \$62 billion China-Pakistan Economic Corridor (CPEC). Among its many components, CPEC involves a fiber-optic network connecting China and Pakistan via the Khunjerab Pass almost 4,700 meters high in the forbidding Karakoram Range. Poised to route national internet traffic and distribute broadcast television, the network will also serve as a critical pathway for the “dissemination of Chinese culture.”¹³

While many of China's projects are more notable for their neglect of good-governance principles than their advancement of authoritarian ones, this may be changing. Belt and Road projects that incorporate Chinese surveillance innovations may provide a chilling glimpse into how “technical assistance” packaged under the broad rubric of development can enable authoritarian practices. For instance, the BRI component known as the Digital Silk Road intends to bring Chinese private-sector technology to not just infrastructure, but e-commerce, “smart cities,” and other applications as well.

China's smart cities have become a model for twenty-first century authoritarianism, aiming to seamlessly combine public services with big-

data harvesting, cloud computing, artificial intelligence, advanced facial-recognition software, and fine-grained state surveillance.¹⁴ The CPEC is just one BRI project that will feature Chinese monitoring and surveillance technology from Peshawar to Karachi. Private Chinese firms involved in advancing smart-city infrastructure will find their technical expertise applied to other countries in the BRI network, including a good many whose leaders would be happy to see the world's most cutting-edge technologies applied to the work of authoritarian suppression.

A Development Community of Common Destiny?

The development community must come to grips not only with how China is trying to label development-related activities surrounding the BRI, but also with Beijing's efforts to harness the very concept of development in the service of Chinese geostrategic aims. Mainstream development institutions in particular seem largely uninterested in grappling with this issue, preferring to discuss how to advance BRI outcomes. Yet if all BRI activity is to count as "development," how should its "success" be measured? If projects that do not meet the narrow OECD definition of development return strategic gains for China but few benefits for local populations, can the projects still be considered development?

Supporters of China's approach tend to argue that the Chinese state is not monolithic, and that various Chinese actors genuinely seek to learn about China's own development and to impart those lessons to other countries in the spirit of development cooperation. Be that as it may, China's authoritarian system is likely to stifle genuine transmission of development knowledge. If Beijing were to involve diverse voices in internal debates about its own development, it would surely be able to extract a number of insights that could be useful for other developing countries. Instead, it shuts down all truly independent inquiry.

For years, prominent global development thinkers have been considering the role of an active civil society and of independent media in building resilience for successful development. Without the political space to address such issues, it is doubtful that Chinese thinkers can fully engage with pressing debates in the field of development. Ultimately, the nature of China's increasingly authoritarian system conditions the lessons that it can learn from its own development—and thus the approaches that it can take throughout the world. Those who assume that there can be some separation between China's internal political system and its external approach to development fail to take this into account.

The mainstream development world, for years hamstrung by having to talk around politics and power, seems especially ill equipped to address the link between China's authoritarian system at home and its vision of a "community of common destiny" abroad. Yet as the BRI increasingly shapes the world's conversation on foreign assistance, a

collision between mainstream development and China's authoritarian system seems inevitable. This judgment may appear harsh to development practitioners, but yesterday's Party is not today's Party. China under Xi Jinping is both more authoritarian and more global, while the liberal international order and the democratic norms that it underpins are in disarray. This will affect the field of development assistance in more overt and enduring ways—the question is not if, but when.

NOTES

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