

The international implications of the Chinese model of development in the Global South: Asian Consensus as a network power

As implicações internacionais do modelo chinês de desenvolvimento do Sul Global: Consenso Asiático como uma rede em potencial

<http://dx.doi.org/10.1590/0034-7329201400206>

JAVIER VADELL*
LEONARDO RAMOS**
PEDRO NEVES***

Rev. Bras. Polít. Int. 57 (special edition): 91-107 [2014]

Introduction

People's Republic of China (PRC) economic and political ascendance in the 21st century characterized a rapid important process of transformation in the international political and economics realms. In this article we focus on the evolution of the Chinese sui generis economic development model and its significances links with the developing countries in the peripheral "Global South." In the last decade the China's rise has stimulates debates about if it represents a challenge, a danger, an opportunity or a real threat. Scholars in the United States have polarized the discussion (Friedberg 2005; Vadell 2011). Some of them claim that China's rise represents a threat for the United States (Mearsheimer 2001), other scholars support the idea that integration of PRC into the multilateral institutions is a key point to consolidate new mechanisms for global economic governance (Ikenberry 2008)¹. On the other hand, the rise of emerging powers like Brazil, India and Russia has raised another kind of debates about whether

* Department of International Relations of Pontifical Catholic University of Minas Gerais, Belo Horizonte, MG, Brazil (javier.vadell@gmail.com).

** Department of International Relations of Pontifical Catholic University of Minas Gerais, Belo Horizonte, MG, Brazil (lcsramos@yahoo.com.br).

*** Department of International Relations of Pontifical Catholic University of Minas Gerais, Belo Horizonte, MG, Brazil (pe1986@gmail.com).

1 See the interesting debate between Mearsheimer and Brzezinski (2005).

China is an emerging power or a re-emerging/returning power. In two decades, China has moved from the periphery to the center of the global economic system shifting the geographical core of capitalist accumulation process.

China became a new engine of world economy and, as Shambaugh (2013) claims, a powerfully relevant country in the following areas: global trade networks, manufacturing and commodity markets in the energy sector. In this new scenario, the main question of this article is how to understand the relationship between China and the Global South—specifically with Africa and South America—in the 21st century? For that purpose we have to start with the neoliberal ‘revolution’ of the 1970s and the end of the Bretton Wood system. We have to clarify and differentiate the neoliberalism from Washington Consensus (WC) (Williamson 1990). Neoliberalism is simultaneously an ideological paradigm, a process of global transformation that expand new ‘geographies’ aiming at the capitalist accumulation (Harvey 2005) and an specific form of globalization (Scholte 2005). On the other side, WC constitute a specific historical North-South network power (Grewal 2008), articulated in the 1980s after de debt crises under the neoliberal paradigm. Therefore, we claim that China-Global South relationship based on trade and investments is characterized as a new center-periphery global network power based on trade and investment. We brand it as “Asian Consensus.”

The most visible significance of these processes of growing interdependence between China and Global South is a “re-location” of South American and African countries in the international division of labor after 2001 crisis in a post Washington Consensus world. The open question of our paper is whether this process of strengthening of the new network power could be an overcoming of neoliberalism ideological paradigm or, instead, a new global manifestation of a passive revolution after 2008 crisis, anchored in a kind of *aggiornatto* neoliberalism hegemonic governance.

The article provides an analysis of the growing relationship between China and the global South, specifically, South American and African countries. Aiming this objective we divide this paper in three sections and this introduction. The second section focuses on theoretical considerations; in the third part we focus on the empirical study, specifically, the Chinese growing relationship in Africa and Latin America and, finally we presented our concluding remarks.

Hegemonic Neoliberalism—the particular Chinese development model and the Washington Consensus Hegemonic

Neoliberalism since the 1970s and the Chinese experience

This section introduces the question about how much neoliberal was the Chinese model of development implemented since the 1980s. Was these market reforms and open-doors policy a kind of particular Chinese neoliberal model of

development, as Harvey claims (2005), or a different trajectory of development based on accumulation without dispossession, as Arrighi (2008) argue? Perhaps there is no dichotomy in these claims, and both are right in their statements. In other words, for didactical and methodological reason we have to differentiate three theoretical levels when we analyze neoliberalism, notwithstanding they are dialectically interrelated: (i) the global level, or the transnational liberal historical bloc dominated by United States that emerges in the 1970s (Agnew 2005; Gill 1990); (ii) the specific models of development implemented by governments and social forces since the 1980s or, in other words, how the agents respond politically to structural environment in their domestic realms; (iii) how the agents conform and articulate institutionally the economic and political network power in the hierarchical political system. This network power implies, ideally, North-North, North-South and South-South relationship in the most diverse aspects. We will return to this point later with the analysis of China-Global South relationship. In this picture, the internationalization of the state (Cox 1981, 1987) that is occurring since de 1970s connects unevenly the three levels in order to support the hegemonic power of United States through internationalization of production and financial liberalization.

In consonance with this point, David Harvey (2005, 2) defines neoliberalism as:

political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defense, police, and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets. Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be created, by state action if necessary.

Hence, at the first level, neoliberalism, in a more abstract sense, is a dynamic process anchored to the capitalist mode of production, a doctrine inspired in classical liberalism refurbished by Friedrich von Hayek, Milton Friedman, and the Virginia School of political economy, as well as a class project (Harvey 2011), and a set of policies implemented in a more or less coordinated process: a) privatization; b) liberalization—trade and finance—; and c) re-regulation—wrongly named as a deregulation (Scholte 2005). The second level is the policy implementation in domestic realms. The expansion of neoliberal hegemonic globalization was reinforced after the Cold War, and open market reforms were implemented worldwide. Nevertheless, in spite of such reinforcement, the case of PRC emerges as a *sui generis* model of development.

Chinese approach of development, in the beginning,

was followed because reformers literally did not know where they are going: they were reformers “without a blueprint” and merely seeking ways to ameliorate the obvious serious problems of the planned economy [...] the approach to transition was starkly different in Eastern Europe and Boris Yeltsin’s Russia (and Latin America). In those countries, the predominant objective of committed reformers was to move as rapidly as feasible to a modern market economy [...] reformers did not believe that their governments could correct distortions in their economy (Naughton 2007, 86)

Naughton (2007) distinguish two contrasting styles of Chinese economic reforms. The first wave was in the 1980s and the second wave happened in the 1990s. Both processes of state-controlled and gradually open market reforms did not look like a shock therapy policy as recommended by FMI and World Bank: fast privatization, deregulation, and unilateral trade and investment liberalization with strings attached conditions.

Chinese reformers saw unmet needs everywhere in their economies. [...] Chinese reformers lowered barriers and gradually opened up their system, giving individuals and groups the opportunity to act entrepreneurially and meet markets demands. [...] Foreign businesses were allowed to operate freely in special economic zones because that approach would increase investment in China and might convince foreign corporations to transfer technology to China. Such policies were seen as contributing to growth while not initially threatening the overall ability of the government to manage and direct the economy. (Naughton 2007, 87).

As Huang states precisely:

China has grown by relying on unique, context-specific local institutional innovations, such as ownership by the local state of township and village enterprises (TVEs), decentralization, and selective financial controls. The conventional mechanisms of growth, such as private ownership, property rights security, financial liberalization and reforms of political institutions, are not central components of China’s growth story. (Huang 2008, xiii).

In this sense, it is possible to note that China did not adhere to the WC in its process of open market reforms in a context of expansion of internationalization of the state and transnational production. In fact, returning to the third theoretical level above-mentioned, China developed a very particular economic model in its internationalization process. According to Amsden (2009), the establishment of control mechanisms to change the status of the countries of the “rest” is a key variable for understanding the uniqueness in the process of economic development

of the states that today can be considered as emerging economic powers. According to the author “the mechanism of reciprocal control of the ‘rest’ thereby transformed the inefficiency and venality associated with government intervention in a collective good, as well as the ‘invisible hand’ of the control mechanism led by the North Atlantic market turned chaos and selfishness forms of market in a general welfare” (Amsden 2009, 39).

From Washington Consensus to Asian Consensus

To characterize this geoeconomic and geopolitical change, it would be interesting to go back to the notion of Washington Consensus (WC) as presented by Williamson in 1990, when he tried to identify what ‘economic reforms’ meant to Washington in a context of restructuring the Latin America’s external debt and, at the same time, how to resolve the fiscal crisis of these states. Therefore, “Washington,” for Williamson (1990), brings together a set of US and international financial institutions. The WC was not a mechanical emulation or imposition of the US economic model. As Williamson said: “Washington does not always practice what it preaches to foreigners.” (1990, 2).

Scholars, mainly economists, describe WC as an intellectual product based in empirical critical observation (Stiglitz 2004; Stiglitz 2002; Rodrik 2002, 1997, 2007). Others scholars define WC as a synonym of neoliberalism or as a “transnational policy paradigm” (Babb 2013; Ban and Blyth 2013) and finally, some analysts claim that a WC is an specific economic model of development, and ‘American liberal’ model opposed to the Chinese model or ‘Beijing Consensus’ (Ramo 2004; Li, Brodsgaard, and Jacobsen 2009; Kennedy 2010).

Otherwise, we argue that WC is a network power embedded in the neoliberal hegemonic bloc. WC helps to implement neoliberal model of adjustment and reform that included the unilateral liberalization of trade and finance, privatization of state-owned companies, as fast as possible—shock therapy—in order to adapt and to discipline those countries into the ‘right way’ of modernity towards the first world and the re-regulation of norms and institutions². Hence, as we claim, the WC is rather a specific pattern of asymmetric interdependence between international and transnational actors historically defined and mediated by a set of international institutions. This network power is characterized as a North-South relationship permeated by the neoliberal economic ideology, presented as a policy package for developing and underdeveloped countries. The consensual feature of this pattern of asymmetric interdependence became stronger after the Cold War with the “end of history” rhetoric, the failure of authoritarian economic and political experiences of the “real socialism” and the loss of confidence in state planning

2 Scholte (2005) emphasizes globalization as a process of spatial transformation, which includes conditions for a global consciousness. This approach could be link with Grewal’s (2008) ideas about the importance of standards in the global ‘space’.

policy undermined by the fiscal crisis in less developed countries in the 1980s. In Latin America and Africa, governments implemented the WC according to the recommendations of international financial institutions such as IMF and World Bank. These institutions conceded loans and lines of credit to developing countries conditioned to drastic economic adjustments policies based mostly on: 1) financial liberalization; 2) unilateral trade liberalization; 3) privatization of public companies; 4) re-reregulation of the economy and; 5) spending cuts and budget adjustment.

At the turn of the millennium, poor results of the neoliberal reforms and a new economic crisis in developing countries stimulated a strong disapproval to WC program, even by mainstream economists (Stiglitz 2002, 2005). In this scenario, there was an attempt to create new alternatives to WC: Monterrey Consensus, Copenhagen Consensus, Mexico Consensus and Buenos Aires Consensus. According to Kennedy (2010, 467), the misunderstandings, amendments and challenges faced by WC shaped the critical scenario in which appears the idea of Beijing Consensus.

In 2004, in times of global economic recovery, Joshua Ramo published a book entitled *The Beijing Consensus*, with immediate repercussion. Ramo's version of Beijing Consensus is based on three characteristics that would condition how a developing nation can find its own place in the global economy, based on China's development path. The first feature was the constant innovation and experimentation. The second is the emphasis that China gives to the quality of life—mainly equity and sustainability—on development issues. The third feature is related to the political aim of “self-determination” principle, leaving aside the dictates of World Bank and IMF.

The principle of self-determination, in Ramo's words, is linked to the resistance to hegemonic pressure, and this is an important political dimension of the Chinese economic expansion. According to him, “developing nations are the main force to contain the hegemony and safeguard world peace” (Ramo 2004). Embedded in this argument is the strategy of “reducing the status of absolute superpower of the US, promoting a multipolar international economic world” (Ratliff 2009). This is a crucial factor that largely makes the Beijing Consensus, or Chinese model, so attractive to other developing nations or, as Ramo stated, the “intellectual charisma of the Beijing Consensus” (Ramo 2004).

That is, according to Ramo, the Beijing Consensus would be a particular (Chinese) development model, whose strategy would be subject to emulation by other developing countries, with an implicit counter-hegemonic component. Ramo's (2004) analysis presents a set of normative assumptions concerning the Chinese development model, leaving aside the political dynamics and consequences of Chinese accelerated growth model for the developing countries. Reinforcing the innovation and equity features, PRC would show to other countries in Latin America, Asia and Africa a model and a set of ideas to ease their own social and economic development path. Therefore, China would act as a positive influence,

spreading it in three directions: first, as a reaction to Washington's outdated ideas about development. Second, it presents a "new physics"³, a kind of chain of reaction of endogenous growth, wherever the model was imitated. Finally, the Chinese economic growth would be as a magnet for other nations to align themselves to the economic interest of China.

Ramo's definition explains more a development model rather than a specific pattern of interdependence. He described more an utopist situation (Dirlik 2007) with strongly normative fundamentals than a complex new type of North-South relations. Ramo's model does not help us understand the geopolitical and geoeconomic implications of the unprecedented economic interdependence between Latin America and Africa with PRC. The growing closer relationship between PRC and Global South, based in a complementary trade boosted by the Chinese commercial and financial expansion, the world economic growth and the rising pricing of commodities and energy resources, is much more complex than a process of Chinese development model replication. In fact, in the current Global South political scenario it is almost impossible to think strategies for global insertion and regional integration process excluding the Asian giant as the most important extra-regional actor.

As WC, we claim that the Asian Consensus (AC) is a contemporary dynamic process of change that happens as a mutation of the neoliberal hegemonic structure of current hierarchical capitalist mode of production, anchored politically in two poles—USA and China—in the center of the political and economic system. Asian Consensus is, above all, a dynamic commercial and investment network power (Grewal 2008), commodity/extractive-oriented toward the South-East geoeconomic area, a new kind of North-South relationship. We define network power as a standard that enable some kind of "global coordination display" (Grewal 2008, 4), an uneven "consensus," a commercial and financial global coordination display organically interrelated with a broader neoliberal globalization. AC emerges in a context of WC disruption after 2001 economic crisis in a renewed and reformatted hegemonic neoliberal globalization. In this realm, the rise of China and India, the dispute for natural resources and other commodities, the compression of space and the new technological advances have brought about the emergence of new global standard of social and economic coordination.

In this sense, AC is a much more useful concept to understand this new complementary and asymmetric North-South relationship in the post WC era. AC constitutes a new network power between PRC and some less development regions, particularly with Africa and Latin America. This concept aims to elucidate a kind of power relationship imposed by global economic changes, the expansion and growth of Chinese economy and the particular characteristics of Chinese economic

3 "The problem is that Ramo's physics is as faulty as his political economy and, in the end, the Beijing Consensus appears, more than anything, to be a sales gimmick – selling China to the World, while selling certain ideas of Development to the Chinese leadership" (Dirlik 2007, 2).

model. For South America and Africa the dilemma is not about emulating the Chinese development model. Their extraordinary growth rates have nothing to do with following the Chinese steps, as Ramo claims. On the contrary, it is about taking advantage of new possibilities of integration in the global economy based on complementary trade with PRC. Nevertheless, this commodity-extractive-based relationship could accelerate the crystallization of a new Core-Periphery network power. In this sense, it is possible to detach some important points and characteristics of the AC:

- 1) The possibilities for greater political room of maneuver for developing and underdeveloped countries. China's growing economic presence in Latin America and Africa emerges as a new commercial and financial option for the "South," in contrast to the hard constraints of the WC. New trading opportunities, investments in energy and natural resources, and infrastructure and financial aid were very important for recovering these economies.
- 2) The growing interdependence between PRC and less developed countries is not a real threat to the US. Nevertheless, the US has been concerned about the Chinese presence in the region and has been demanding transparency by creating regular consultation mechanisms about Chinese relations and economic interests in Latin America (Cornejo and Navarro García 2010, 82). China and the US discussed their respective policies regarding Latin America and their cooperation in the region. Chinese officials have frequently reassured that their focus in Latin America relies strictly on economic matters and that they have no political ambitions. The paradox is that the principle of "non-intervention" and "only doing business" conflicts with the US interests in other crucial regions such as Africa and Asia (Iran and Sudan specifically).
- 3) PRC aims at maintaining harmonious relationships and promoting stability in less developed regions in order to ensure the safety of its own investments and trade supported by Confucianism discourse of harmonious world, especially under Hu Jintao's government (2003–2013).
- 4) China is a new option of financing source for African and Latin America countries. Differently from IMF and WB loans, China imposes no string-attached political conditions in exchange for aid and investment⁴, eroding some of the WC foundations. According to Financial Times, between 2009 and 2010, Chinese main official financing agencies—China Development Bank and the China Export-Import Bank—lent US\$ 110 billion to governments and companies in developing countries,

⁴ The only exception could be the official recognition of PRC as the only China. Nevertheless, the recognition of Taiwan is not an impediment for trade and investment relations with PRC.

more than the World Bank (Dyer, Anderlini, and Sender 2010). China Development Bank, Africa Development Bank and the China Eximbank play an important role in this sense (Gallagher, Irwin, and Koleski 2012; Taylor 2009).

- 5) Finally, PRC pattern of relationship is based on a bilateral strategy of trade and investments negotiation with less developed countries. In Latin America, PRC signed Free Trade Agreements with Chile, Peru and Costa Rica, and negotiated separately its own status as a free market economy in WTO with Brazil and Argentina⁵. The same pattern happened between China and African Countries in spite of the creation of Forum of China-Africa Cooperation (FOCAC) (Taylor 2011).

The above-mentioned appointments illuminate some features of AC. However, in order to better comprehend such network power process, we should understand the pattern of Chinese relationship with Africa and Latin America.

The current path of the Asian Consensus: the Chinese growing relationship in Africa and Latin America

Relations between contemporary China with African countries in the twentieth century should be analyzed since the communist revolution of 1949, led by Mao Zedong, and its implications and the consequences of the Korean War. After Stalin's death, relations between the PRC and the Soviet Union deteriorated to such point that China carried out the greatest troop mobilization in its history to the USSR border.

In terms of foreign policy, Mao, based on his theory of the Three Worlds, presented to the PRC as leader of the "Third World," supporting some anti-colonial struggles and several revolutionary governments in Africa. Some years later, throughout Cultural Revolution, China would pass through a phase of self-isolation and withdrawal in regards to 'adventure' revolutionary Third World countries. In those experiences China's foreign policy was based primarily in ideological motivations, which materialized in bilateral State-State aid. In this context, Chinese investments in Tanzania were the most visible case (Taylor 2009, 13; Yu 1975).

Thus, according to Alden (2007), we can divide the relationship between modern China and Africa in three stages. The first stage starts with the Bandung Conference and goes until the end of the 1970s; a second phase initiated with the implementation of open market reforms in China and ended in the crisis of Tiananmen Square; finally, a third stage of the PRC rapprochement with Africa was reinforced in the 21st century, in the current Asian Consensus network power.

⁵ In this point, it is important to note that once Paraguay does not recognize PRC, it is very difficult for Mercosur to negotiate with China as a bloc.

The first stage starts after the Bandung Conference in 1955 (Meidan 2006; Alden 2007) wherein PRC explicitly reasserted the leadership of the third world countries in the Non-Aligned Movement (Arrighi and Zhang 2009; Large 2008; Meidan 2006). This kind of South-South relationship took shape with a strong ideological and political characteristics rather than economic-based link, as confirms the modest trade between the two regions in this period. According to Meidan (2006), Egyptian diplomatic recognition in 1956 and the normalization of relations with Kenya in 1963 were the first steps of the China-Africa approach. However, Alden (2007, 9) states that the presence of PRC on the African continent during the early 1950s has been more episodic than constant.

This stage of China-Africa relationship was strongly influenced by transformations in Chinese domestic and foreign policy. Indeed, in this period there was a revitalization of the PRC relations with African countries supported ideologically by the five principles of peaceful coexistence, formulated in 1954: 1) mutual respect for territorial integrity, 2) the non-aggression; 3) mutual non-interference in the internal affairs of States; 4) equality and mutual benefit, and 5) peaceful coexistence. These principles were and still continue to be a guide to China's relationship with less-developed countries (LDC).

A second phase of China-Africa relationship began in 1978. The Chinese leader Deng Xiaoping made a shift in Chinese development policy and, consequently, in foreign policy. Relations with the Third World were frozen, affecting the ties with African countries. Deng's foreign policy was based on three components: 1) maintain good relations with the United States, 2) support a policy of containment in relation to Taiwan, and 3) attracting foreign direct investment (FDI) to stimulate the development of China (Alden 2007, 10).

The third phase of the relationship begins after the crackdown on protesters in Tiananmen Square in June 1989. After that incident the Chinese Communist Party (CCP) had to discuss the political direction and the future of the country. Indeed, the events of June 1989 affected negatively the relationship between China and developed countries, but not with the Third World (Taylor 2009; Gu 2005). The Tiananmen episode was a factor of approaching the links between PRC and developing countries, avoiding the Chinese isolation in international forums.

Another factor that encouraged China-African countries rapprochement in the 1990s was the commercial issues. Chinese government and Chinese state-owned companies perceived the high potential of the Africa natural resources, mainly energy resources such as oil and minerals (Taylor 2009, 14). Growing interdependence between the PRC and African countries—producers and exporters of commodities—was deepening over the course of the century due to rising Chinese demand for these products. China need to support the extraordinary economic growth, the large infrastructure, and the new investments in restructuring Chinese state-owned companies (SOEs)⁶, whose model was the

6 For a good analysis of Chinese Companies restructuring, see Naughton (2010, 2007).

big oil companies controlled by the government (Taylor 2009, 2006; Ferchen 2013). After 2008 economic crisis this trend deepens with the Chinese economic domestic stimulus program.

In summary, the recent economic rapprochement between the PRC and developing countries shows a crucial change in Chinese development project in order to abandon Maoist self-sufficiency objectives, as a pillar of Chinese politics since the revolution of 1949. China spectacular economic growth during the 1990s and its lack of energy and natural resources to sustain its economic performance were crucial factors to understanding the third phase of the relationship between PRC-developing countries.

Regarding economic relations between China and Latin American countries, it has been intensified since 2001 and 2002 (Vadell 2007; Vadell 2013). Developments were evident in 2004 and 2005, when Chinese President Hu Jintao and Vice President Zeng Qinhong visited South American in order to sign trade agreements, investment and cooperation accords concerning several fields⁷. Since then, Chinese officials repeatedly stated that PRC priority in the region is strictly economic.

Since the Second World War, the relationship between China and Latin America was marked by a strong pragmatism, regardless the political ideology these governments had⁸. The democratic Chilean government of Salvador Allende was the first Latin American country to officially recognize the PRC. Subsequently, the Pinochet dictatorship continued to strengthen ties with the PRC, especially when the government became more isolated internationally. The pragmatism of Sino-Latin American relations during the Cold War can also be observed with Argentina's dictatorship (1976–1983). Argentina and China signed trade and cooperation agreements in 1978 and in 1980, and president Jorge R. Videla was the first Argentine president to visit the PRC. The international political commitment between both countries at the United Nations Organization was: China would recognize and support Argentine sovereignty claims in the South Atlantic islands and Argentina officially would recognize officially the PRC and Taiwan as a province of that country.

The right-wing leaders and the Latin American armed forces did not perceive China as a security threat in the context of the Cold War. Indeed, diplomatic and commercial relations between the PRC and the region were stimulated by these right-wing dictatorships (Domínguez et al. 2006, 6). The high degree of interdependence was consolidated during the period of reforms in China, in the early 1980s. For example, Chinese leaders strongly denounced Peruvian guerrilla

7 As Jiang Shixue (2006, 26), the lines of Hu Jintao synthesize in: “1) strengthen strategic common ground and Enhance mutual political trust, 2) take practical and creative steps to tap potential for Economic Cooperation, and 3) attach importance to cultural exchanges to deepen mutual understanding.”

8 For example, during the General Assembly of the United Nations in 1971, China advocates the request of Latin Americans in defense of 200 nm as a sovereign state space (Jiang 2006).

group Sendero Luminoso, with Maoist ideology, as ‘counterrevolutionary and revisionist’ (Domínguez et al. 2006, 6). The pragmatism of China-Latin America interdependence was the main feature of this relationship, which intensified it in the 21st century, although in a very different international scenario.

Nowadays, According to Jiang (2006), the principles of equality, mutual benefit and common development, and harmony relationships guide the contemporary relations between the actors highlighted. Harmony is related to the idea of Confucian capitalism. In this way, Encina (2009) states that this type of capitalism is anchored in trust as a form of social capital within a framework of reciprocity and mutual interest. Such elements would fix a new capitalism with new consensual bases, distinct from hegemonic Anglo-Saxon structure. In fact, the Chinese discourse of harmony capitalism occurred simultaneously with the economic ‘going out’ foreign policy strengthening a new standard, a dynamic and complementary trade and finance network power embedded into the capitalist system. The most remarkable political consequence is the (re)emerging of new pole at the center of this structure, reshaping and reinforcing the global institutional governance architecture.

Concluding remarks

The future scenario appears to be a consolidation of business partnerships between China and South America and between China and Africa. In fact, we observe the strengthening of North-South trade and investment network power overlapping with growing South-South Cooperation between the Asian Giant and the Global South. These developments are fostering more political and economic room of maneuver for developing countries. In the new century, Latin American and Africa, who went through hard economic crisis in the 1980s and 1990s, began to look for the Chinese trade, aid and investments opportunities. The failure of neoliberal policies after 2000s global financial crisis seems to have broken the possibility of univocal reforms and development policies for the less developed countries. It is in this context that the PRC emerges as a main factor for the economic recovery of most Latin America and African countries. China became the most important extra-regional actor for these states.

In this context, it is possible to note four key goals pursued by PRC in the process of strengthening relations with Latin American and African countries.

First, PRC needs more and more energy and natural resources to support its domestic development (Ferchen 2011), which resulted in an average growth of about 9% in the last 30 years. In this context, developing countries in Latin America and Africa, rich in natural resources, are presented as ideal partners for PRC. The trade boom started in 2001, when China enters into the World Trade Organization (WTO).

Secondly, China launched a diplomatic crusade for PRC recognition, inasmuch as several countries in Latin America and Africa recognized Taipei and not Beijing as ‘official’ China⁹. The isolation of Taiwan is a PRC objective, which is manifested in its overall foreign policy. Nevertheless, the fact that a country does not officially recognize the PRC does not imply the absence of trade relations. Behind this game of recognition acts a kind of “dollar diplomacy,” which translates into financial aid, investments in infrastructure and increased trade (Taylor 2009, 2006; Alden 2007; Ellis 2009). This process constitutes and consolidates North-South trade and financial network power that crystalized a complex web of relationships between economic and political elites of developing countries and Chinese investors and Chinese governments—PRC and Taiwan.

Thirdly, another important factor that stimulates the expansion of the PRC to the ‘Global South’ is the chance to obtain political support in the multilateral forums and international organizations, mainly votes in the General Assembly of the United Nations, where voting states have the same weight (Aalden 2007; Ellis 2009).

Finally, Latin America and Africa are potential consumers for Chinese products. After 2008 economic crisis, the United States and the European Union suffered a sharp economic downturn, which forced China to stimulate its domestic market and to diversify its export markets to other regions in order to avoid a domestic crisis. As Jiang Shixue quoted, expansion into Latin American markets has been part of China’s goals of reducing its dependence on United States, Japan and Europe (Shixue 2008, 46). As a consequence of this policy, there was a massive influx of Chinese manufactured products, which led to two problems: firstly, negatively affected industrial sectors, mainly in countries like Brazil, Argentina, Mexico and South Africa. Secondly, there was an increased trade deficit in many developing countries that benefit China.

This list goals are not an exhaustive one; its relevance rests upon the fact that they shed light on important issues concerning AC network power and its future developments and dilemmas: to China, in order to maintain its strategy into neoliberal globalization process; to developing countries—Latin America and Africa—, the balance between the profits of such partnership with China and their room of maneuver in global capitalism system; and to United States, in order to cope with China’s rise and the relationship intrinsically related to it—but these are topics for future research.

9 Currently, there are 13 countries that do not recognize the PRC in Latin America: Paraguay in South America; Panama, Nicaragua, El Salvador, Honduras, Guatemala and Belize in Central America; Dominican Republic, Haiti, St. Kitts and Nevis, St. Vincent and the Grenadines and St. Lucia in the Caribbean.

Bibliographic references

- AGNEW, John A. (2005). *Hegemony the new shape of global power*. Temple University Press.
- ALDEN, Chris. (2007). *China in Africa*. London; New York: Zed Books.
- AMSDEN, Alice A. (2009). A Ascensão do 'Resto': os desafios ao ocidente de economias com industrialização tardia. São Paulo: Editora UNESP.
- ARRIGHI, Giovanni. (2008). *Adam Smith em Pequim*. São Paulo: Boitempo editorial.
- ARRIGHI, Giovanni, and Lu ZHANG. (2009). Beyond the Washington Consensus: a New Bandung?: Unpublished paper.
- BABB, Sarah. (2013). The Washington Consensus as transnational policy paradigm: Its origins, trajectory and likely successor. *Review of International Political Economy* 20 (2):268–297.
- BAN, Cornel, and Mark BLYTH. (2013). The BRICs and the Washington Consensus. *Review of International Political Economy* 20 (2):241–255.
- BRZEZINSKI, Zbigniew, and John J. MEARSHEIMER. (2005). Clash of the Titans. *Foreign Policy* (146).
- CORNEJO, Romer, and Abraham NAVARRO GARCÍA. (2010). China y América Latina: recursos, mercados y poder global. *Nueva Sociedad* (228):79–99.
- COX, Robert W. (1981). Social Forces, States and World Orders: Beyond International Relations Theory. *Millennium – Journal of International Studies* 10 (2):126–155.
- COX, Robert W. (1987). Production, power, and world order: social forces in the making of history, The Political economy of international change. New York: Columbia University Press.
- DIRLIK, Arif. (2007). Beijing Consensus: Beijing 'Gongshi'. Who Recognizes Whom and to What End? [http://www.globalautonomy.ca/global1/position.jsp?index=PP_Dirlik_BeijingConsensus.xml] Accessed on 20/11/2013.
- DOMÍNGUEZ, Jorge I., Amy CATALINAC, Sergio CESARIN, Javier CORRALES, Stephanie R. GOLOB, Andrew KENNEDY, Alexander LIEBMAN, Marusia MUSACCHIO-FARIAS, João RESENDE-SANTOS, Roberto RUSSELL, and Yongwook RYU. (2006) China's Relations with Latin America: Shared Gains, Asymmetric Hopes. *Inter-American Dialogue*, [http://www.wcfia.harvard.edu/sites/default/files/Dominguez_Chinas.pdf]. Accessed on 25/11/2013.
- DYER, Geoff, Jamil ANDERLINI, and Henny SENDER. (2011). China's lending hits new heights. *Financial Times*. [<http://www.ft.com/cms/s/0/488c60f4-2281-11e0-b6a2-00144feab49a.html#axzz2lxZFQ2l2>] Accessed on 17/10/2013.
- ELLIS, Evan, R. (2009). *China in Latin America: the whats and wherefores*. Boulder, Colo.: Lynne Rienner Publishers.
- ENCINA, Claudia Labarca. (2009). El capitalismo confuciano en la era de la globalización: nuevas bases para construir xinyong y guanxi – Lecciones para Chile. *Estudios Internacionales* (163):23–46.
- FERCHEN, Matt. (2011). China-Latin America Relations: Long-term Boon or Short-term Boom? *The Chinese Journal of International Politics* 4:55–86.

- FERCHEN, Matt. (2013). Whose China Model is it anyway? The contentious search for consensus. *Review of International Political Economy* 20 (2):390–420.
- FRIEDBERG, Aaron L. (2005). The Future of US-China Relations. Is conflict inevitable? *Internacional Security* 30 (2).
- GALLAGHER, Kevin, Amos IRWIN, and Katherine KOLESKI. (2012). The New Banks in Town: Chinese Finance in Latin America. *Report. Inter-American Dialogue*, [<http://ase.tufts.edu/gdae/Pubs/rp/GallagherChineseFinanceLatinAmerica.pdf>]. Accessed on 11/09/2013.
- GILL, Stephen. (1990). American hegemony and the Trilateral Commission, Cambridge studies in international relations. Cambridge England; New York: Cambridge University Press.
- GREWAL, David Singh. (2008). *Network power: the social dynamics of globalization*. New Haven: Yale University Press.
- GU, Xuewu. (2005). China Returns to Africa. *Trens East Asia* (9):1–14.
- HARVEY, David. (2005). *A brief history of neoliberalism*. Oxford; New York: Oxford University Press.
- HARVEY, David. (2011). *The enigma of capital: and the crises of capitalism*. Pbk. ed. Oxford; New York: Oxford University Press.
- HUANG, Yasheng. (2008). *Capitalism with Chinses Characteristics*. New York: Cambridge University Press.
- IKENBERRY, John G. (2008). The Rise of China and the Future of the West. *Foreign Affairs* 87 (1):23–37.
- KENNEDY, Scott. (2010). The Myth of the Beijing Consensus. *Journal of Contemporary China* 19 (65):461–477.
- LARGE, Daniel. (2008). BEYOND ‘DRAGON IN THE BUSH’: THE STUDY OF CHINA–AFRICA RELATIONS *African Affairs* 107 (426):45–61.
- LI, Xin, Kjeld Erik BRODSGAARD, and Michael JACOBSEN. 2009. Redefining Beijing Consensus: Ten general principle. [http://openarchive.cbs.dk/bitstream/handle/10398/7830/CDP_2009-029.pdf?sequence=1]. Accessed on 22/10/2013.
- MEARSHEIMER, John J. (2001). *The tragedy of Great Power politics*. New York: Norton.
- MEIDAN, Michal. (2006). China’s Africa Policy: bussines now, politics later. *Asian Perspectives* 30 (4):69–93.
- NAUGHTON, Barry. (2007). *The Chinese economy: transitions and growth*. Cambridge, Mass.; London: MIT.
- NAUGHTON, Barry. (2010). China’s Distinctive System: can it be a model for others? *Journal of Contemporary China* 19 (65):437–460.
- RAMO, Joshua Cooper. (2004). The Beijing Consensus: Notes on the New Physics of Chinese Power. London: Foreign Policy Centre.
- RATLIFF, William. (2009). In Search of a Balanced Relationship: China, Latin America and United States. *Asian Politics & Policy* 1 (1):1–30.

- RODRIK, Dani. (1997). *Has globalization gone too far?* Edited by Institute for International Economics (US). Washington, D.C: Institute for International Economics.
- RODRIK, Dani. (2002). After Neoliberalism What. [<http://www.new-rules.org/Docs/afterneolib/rodrrik.pdf>]. Accessed on 22/10/2013.
- RODRIK, Dani. (2007). One economics, many recipes: globalization, institutions, and economic growth. Princeton, N.J.: Princeton University Press.
- SCHOLTE, Jan Aart. (2005). The Sources of Neoliberal Globalization. *United Nations Research Institute for Social Development*, [<http://www.unrisd.org/80256B3C005BCCF9/search/9E1C54CEEB19A314C12570B4004D0881?OpenDocument>]. Accessed on 23/11/2013.
- SHAMBAUGH, David L. (2013). *China goes global: the partial power*. Oxford; New York: Oxford University Press.
- SHIXUE, Jiang. (2008). Three Factors in Recent Development of Sino-Latin American Relations. In *Enter The Dragon? China's Presence in Latin America*, edited by C. ARSON, M. MOHR, R. ROETT and J. VARAT. Washington: Woodrow Wilson International Center for Scholars.
- SHIXUE, Jiang. (2006) Recent Development of Sino-Latin American Relations and its Implications. *Estudios Internacionales* XXXVIII (152):19–41.
- STIGLITZ, J.E. (2004). The Post Washington Consensus. [http://www0.gsb.columbia.edu/ipd/pub/Stiglitz_PWCC_English1.pdf]. Accessed on 15/10/2013.
- STIGLITZ, Joseph E. (2002). *Globalization and its discontents*. 1st ed. New York: W. W. Norton.
- STIGLITZ, Joseph E. (2005). The Post Washington Consensus consensus. *Initiative for Policy Dialogue*, [http://policydialogue.org/files/events/Stiglitz_Post_Washington_Consensus_Paper.pdf]. Accessed on 21/10/2013.
- TAYLOR, Ian. (2006). China and Africa: engagement and compromise, Routledge contemporary China series 14. Milton Park, Abingdon, Oxon; New York: Routledge.
- TAYLOR, Ian. (2009). *China's new rol in Africa*. Boulder, Colorado: Lynne Rienner Publishers.
- TAYLOR, Ian. (2011). *The Forum on China-Africa Cooperation (FOCAC)*. Edited by T. G. WEISS and R. WILKINSON, *Routledge Global Institutions*. New York: Routledge.
- VADELL, Javier. (2011). Rumo ao século chinês? A relação Estados Unidos-China pós 11/09. *Carta Internacional* 6 (2):97–111.
- VADELL, Javier. (2013). The North of the South: The Geopolitical Implications of Pacific Consensus in South America and the Brazilian Dilemma. *Latin American Policy* 4 (1):36–56.
- VADELL, Javier A. (2007). As Implicações políticas da Relação China-América do Sul no século XXI. *Cena Internacional* 09 (02): 194–214.
- WILLIAMSON, John. 1990. What Washington means by policy reform. In *Latin American Adjustment: How Much Has Happened?*, edited by J. WILLIAMSON. Washington: Institute for International Economics.
- YU, George T. (1975). *China's African Policy: Study of Tanzania*. New York: Praeger.

Submitted November 28, 2013
 Accepted February 5, 2013

Abstract

This paper analyzes People's Republic of China (PRC) economic and political ascendance in the 21st century focusing on the evolution of the sui generis economic development model and its significances of the evolution of relationship between China and the developing countries in the peripheral "Global South." The objective of this article is to analyze the relationship between China and the Global South (Africa and South America) in the 21st century, characterized as a new Center-periphery global network power based on trade and investment that we call as "Asian Consensus."

Keywords: Africa; China; Latin America; neoliberalism; network power.

Resumo

O trabalho pretende analisar a ascensão econômica e política da República Popular da China (RPC) no século 21 focando, especificamente, na evolução do seu modelo de desenvolvimento sui generis e seus desdobramentos nos países periféricos dos sistema capitalista, ou do "Sul Global". O objetivo deste artigo é analisar a relação China/Sul Global no século 21 como conformação de uma nova rede de poder global baseada na interdependência comercial e de investimentos, cujo resultado está sendo a "relocalização" da América do Sul e da África na divisão internacional do trabalho, ancorada numa relação centro-periferia reformulada, a qual denominamos de "Consenso Asiático".

Palavras-chave: África; China; América Latina; neoliberalismo; rede de poder.