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CHINA-CENTRIC GLOBALIZATION

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Анотація. Глобалізація завжди була складним процесом, але китайський глобалізм одним з найскладніших її проявів. Прогнозовано, що нинішній шлях китайської глобалізації ставить під загрозу як відновлення економіки США, так і глобальний зріст та розвиток. Китайсько-орієнтована глобалізація являє собою еволюційну форму корпоративної глобалізації, а саме, вільної торгівлі в період після Другої світової війни.

Ключові слова: економічна глобалізація, міжнародні відносини, китайський глобалізм.

Аннотация. Глобализация всегда была многокомпонентным процессом, но китайский глобализм является одним из сложнейших ее проявлений. Прогнозируемо, что нынешний путь китайской глобализации ставит под угрозу как восстановление экономики США, так и глобальный рост и развитие. Китайско-ориентированная глобализация представляет собой эволюционное равитие корпоративной глобализации, а именно, свободной торговли в период после Второй мировой войны.

Ключевые слова: экономическая глобализация, международные отношения, китайский глобализм.

Abstract. Globalization has always been controversial but China-centric globalization has made it even more so. Looking into the future, the current path of China-centric globalization poses a threat to both U.S. economic recovery and global growth and development. It has not only hindered American attempts to escape from the post-bubble recession that began in December 2007 but it has also threatened to block future attempts to recalibrate and improve the globalization process.

China-centric globalization constitutes an evolution of corporate globalization, which itself evolved out of the post-World War II free trade era.

Structural changes are further leveraged by China’s political system, which enables it to use state control over companies to leverage its commercial power. For instance, in dealings with developing countries, Chinese state-owned companies can pursue projects that are not bound by standard commercial constraints (e.g. profitability) or public disclosure requirements. In dealings with advanced countries, it can pressure companies to agree to “offsets” involving the transfer of technology and production. Power is intrinsically relative. Other things being equal, an increase in the strength of a rival diminishes one’s own power. That holds for military strength, and it also holds for economic strength in a world of geo-economic rivalry.

Key words: economic globalization, international affairs, Chinese globalism.

Problematic. The issue of China-centric globalization is difficult to define because it inevitably raises a broader debate about globalization. In effect, there are three positions on globalization and China. The first position is that both globalization and China-centric globalization are good, and policy needs little or no change.

The second position is that globalization is good but China-centric globalization has caused problems. This second position is itself divisible. At one end there is an argument that globalization should have proceeded without China’s formal participation (i.e. in bodies like the WTO because China is a non-market economy and operates with rules that would inevitably cause conflict and problems).

A third position is that globalization is bad and China-centric globalization has profoundly worsened its effects.

These different positions show how easy it is for discussion of China-centric globalization to spiral into debate about the broader issues of globalization and free trade that lurk in the background.

Analysis of the current researches. This article is based on scientific researches of following scientists: Jianyong Yue, Lee Branstetter, Nicholas Lardy, Palley T.I., Osnos, E., Kalchenko T., Sujian Guo, Baogang Guo etc.

Methodology of the research. The research is based on the methods of prediction, systematization and generalization, expert assessments and forecasts.

The results of the research. China-centric globalization is characterized by three features:

1. The emergence of China as the global center of manufacturing, with China playing the role of factory for the world;
2. The creation of a new dollar zone shared by the U.S. and China and enforced by China's adoption of an exchange rate pegged to the dollar;
3. The development of China as the fulcrum of U.S. engagement with the global economy, with the U.S. having a massive trade deficit with China and transferring significant chunks of manufacturing capacity to China.

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The growth of China's manufacturing capacity and financial strength increases China's geo-economic power in ways that are immediate and significant. First, China's newfound manufacturing capacity gives it commercial power that binds other countries' economic interests to China. Second, China-centric globalization gives China power by reshaping the global organization of manufacturing and placing China at the center of the global supply chain. Third, China's increased financial wealth enables it to buy support and create financial dependency.

The new resource diplomacy is the direct consequence of China-centric globalization, which explains both why China needs the resources and how it is able to secure them. China's need for resources stems from its manufacturing advance, and these advances in turn give China the wherewithal in the form of manufacturing exports and foreign exchange holdings to invest in resource acquisition and to buy political influence in resource rich countries.

All of these concerns are visible in Africa where China's rise has produced both positive and negative effects. With regard to the positive, China's rise has had three major economic benefits for Africa. First, China has increased demand for African commodity exports, which has contributed to higher commodity prices. Second, China's rise has triggered a surge in FDI in Africa, particularly in the commodity production sector, to which China has contributed. Third, China's rise has increased the global supply of manufactured goods that Africa imports and consumes, which has lowered the price of manufactured goods. These developments have raised Africa's national income, loosened the external financial constraint on development, and increased economic growth [1]. In political environments where rule of law and democracy are weak, natural resource wealth tends to trigger corruption and internal conflict as groups fight for control over the spoils. That has a devastating effect on economic development and social stability. The global commodity boom, to which China has contributed, plays into the problem of the natural resource curse. While China cannot be blamed for the natural resource curse, its political system amplifies the problem. China is not a democracy and has significant corruption problems of its own. Additionally, it takes an extremely nationalistic perspective in its dealings with the global economy. Consequently, it puts its access to resources above all other considerations, aggravating the natural resource curse problem in the process. The best example of this is Sudan, where China has disregarded the problem of genocide in Darfur and given significant economic help to the Sudanese regime in exchange for oil. Third, China obstructs the development of human rights and labor standards. Labor standards promote economic development, making them both a means and end of development [2]. However, China resists complying with both international human rights and labor standards because of its authoritarian political system. Consequently, it also disregards human rights and labor standards in Africa, which is bad for African social, political, and economic development. An example of this is China's continued investment in the Zambian copper mines in spite of reports of major labor abuses over the years [3].

The key problem is China’s export-led growth policy centered on an under-valued exchange rate pegged to the dollar. Export-led growth has been the principal avenue of development over the past 25 years for developing economies, but that strategy now appears exhausted largely because of the rise of China [4]. China’s adoption of the strategy means China now occupies the bottom rung of the ladder of industrialization, leaving no room for other countries. China has too large a labor force, too low wages, and too many advantages in terms of the attractiveness of having access to its potentially massive domestic market [5].

Finally, as noted earlier in the discussion of the effects of China-centric globalization on Africa and Latin America, China’s opposition to global labor and environmental standards adversely affects the possibility for equitable and sustainable global development. It does so by promoting a “race to the bottom” whereby countries try to gain international competitiveness by lowering standards in an attempt to reduce costs and become more attractive to FDI. China also undermines democratic development owing to its willingness to disregard concerns about democracy. This has been most evident in China’s attempts to secure natural resource supplies within Africa [5].

Conclusion. To sum up, the influence of China on global economy increases through China’s economic expansion in all spheres: production, finance, IT services, etc. The main factors of it are cheap factors of production, which attract foreign companies to locate their production facilities here, the availability of financial resources. The increasing influence of China is threatening for developed countries, because they don’t want to lose their capacity to have an effect on global development.

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