



## 'Old' And 'New' Consensus Amidst Us-China Economic Rivalry In The Global South

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**Abstract:** *There was less critical thinking on the subject of 'development' until it became popular in the 1950s. The proponents of 'development' in world politics ranged from modernization theorists to supporters of democratic development. Both the proponents used the term modernization, development and progress interchangeably in the context of third-world development. Today, in the development studies, where the dependency versus modernization rift still exists, there are other forms of development aspects that have continued to emerge. The 21st-century politics shows the rise of China as a potential competitor to the Western liberal order. The Chinese 'Beijing Consensus' has emerged as an alternative approach towards the dominant Western model of development. This paper uses a range of developmental models and theories to discuss the Politics of Development in the Global South over time and how the Western model of development differs from that of China in the ongoing US-China economic rivalry.*

**Key Words:** Washington Consensus, Beijing Consensus, Global South, Development, Economic Rivalry

### Introduction

Global politics has witnessed a transition in the mode of rivalry among great powers in the past centuries. After the downfall of the Soviet Union in the 1990s, the U.S. emerged as the sole superpower. Francis Fukuyama pioneered the concept of the 'End of history' to support the Western liberal model in the social, economic and political spheres (Oner, 2003). Over the past two decades, China has emerged as a main challenger to the economic hegemony of the U.S. As the modernization process started in the West, the wealthy nations operated the development in a very Eurocentric manner. In the post-world War II scenario, the West has tried to inculcate a thinking of inferiority and lagging behind in development and prosperity. In recent times, the emergence of China as the

seventh-largest sovereign donor and rapid international development has been a challenging situation for the Western development model. China has constructed a southern epistemology of development to portray a different development model to that of the West. The tools of development discourse come under the category of soft power and China is considered to be the richest state in this kind of power. The states always exist in political reality, so both the US and China are not lying in their independent space but they are under the Liberal International Order. Under this LIO, the third world has to still pick up one of the development blocs for cooperation, aid, and partnerships (Ikenberry, 2018).

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As the world is transitioning from geopolitics to geo-economics, the superiority of the US has come under threat as China furthers its agenda of regionalism and authoritarian capitalism through the same international institutions. The World Bank and IMF are no longer the only actors who can provide capital and back up third-world countries when they are facing an economic crisis because China has come forward with alternatives like Asian Infrastructure Investment Bank (AIIB) and Chinese Development Bank (CDB). The global south is more attracted to China's loans and investments because China helps them to get out of the conditionalities imposed by the IMF and the World Bank (Yu, 2016). China is aiming to become the leader in the global world by employing alternative discourses i.e. China is lending developmental cooperation to uplift the third world based on endogenous and independent growth in contrast to the West. Michael Foucault coined the term 'regime of truth' that clearly depicts how the two superior powers have led to the formation and redefinition of antagonistic yet similar ways of development discourse (Taylor, 1984). In the consequences of the Sino-US great game, the era of the new normal has highlighted that China's model of development remained most beneficiary as the newly industrialized countries (NICs) and the Asian tigers have progressed. Here the presence of the Western model progress remained minimal. The superiority of the US was based on the ability to maximize control over the air, sea, and space. The Chinese-led geo-economic warfare has threatened the preponderant role of the US but utilizing the same institutional hegemony and mega projects to further the aim of regionalism and authoritarian capitalism in the Eastern world like the initiation of the Belt and Road Initiative (BRI) in 2013. The challenges inherited from Trump's era including increased non-tariff barriers, protectionist policies, and strict border controls have moved the US towards a downfall. At the same time, China is on the rise as a transcontinental power expanding its influence in the continental and maritime realm. In contrast, where the US is withdrawing from global treaties, the Chinese development model has shown a blueprint for a more globalized and interdependent world. China has detached itself from the imperialist bloc of the West and considers itself a

supporter of South-South cooperation (SSC) (Vadell, Brutto, & Leite, 2020).

The research analyzes the competition between the US and China in the Global South and significant implications for the economic and political landscape of the region, as well as for the future of global economic governance. The 'old' consensus, which has been promoted by the US for decades, emphasizes the importance of free markets, open trade, and liberal democratic institutions as the key drivers of economic growth and development. While, the 'new' consensus, which has emerged with the rise of China as a major economic power, emphasizes the importance of state-led development, strategic investments in infrastructure, and the promotion of local industries as the key drivers of economic growth and development. The US has criticized China's approach as promoting debt-trap diplomacy and authoritarianism, while China has criticized the US approach as being hypocritical and promoting Western hegemony.

### Politics Of Development In The Global South

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The term 'global south' seems to be a powerful and novel system of ordering for culture, politics, geographies as well as academic disciplines. It is significant to explore the disciplinary, institutional and geopolitical possibilities of the global south as an emerging concept that might provide a wide range of political and intellectual work. A number of definitions were developed by various researchers and professionals for term development. For example, According to Amartya Sen, Development is a tool that enables people to reach their ability to the fullest degree by offering freedom of action, i.e., freedom of social, economic, and family acts (Hönke & Lederer, 2013). Since 1989, the academic jargon of Global South has dramatically increased and is considered to be an expression of recent coinage. The references to Global South have grown exponentially in publications across disciplines. There has only been a de facto understanding and limited engagement with explicit definitions relative to the expanding popularity of the concept. The South-related terminology by and large has been used as a

shorthand for the Caribbean, Latin America, Africa, and parts of Oceania and Asia (Levander & Mignolo, 2011) Boaventura de Sousa Santos, a Portuguese sociologist explained that Global South is a metaphor for suffering, poverty and oppression that promotes an epistemology of the south from India to sub-Saharan Africa to South America (De & Santos, 2016).

In 1980, Willy Brandt chaired an Independent Commission on International Development Issues to create the most thorough and solution-focused examination of important worldwide economic issues in a report referred to as Brandt Report. The report "North-South: A Programme for Survival" was widely regarded as a useful strategy for countries to bridge the economic gap between the richer North and the poorer South (Stewart, 1981). The output of this report is to provide an understanding of the economic development differences between the East and West parts of the world. This Brandt line is a way of visualizing the inequalities and disparities between the poor Global South and the wealthy North as shown in Figure 1. For four decades, the Brandt Line has been one of the most influential and recognizable ways of illustrating world politics.

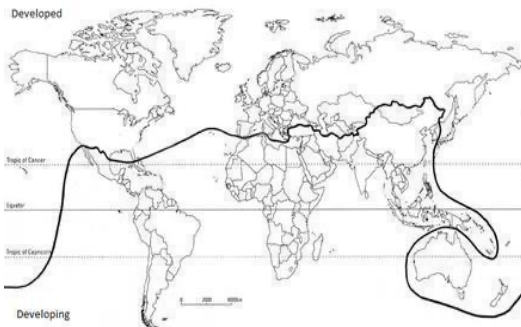


Figure 1: The Brandt Line

Lucian W. Pye is an American political expert who became the pioneer in developing theories about modernization and the political development of third-world nations in the 1950s. His primary interest was to explain why politics differs from one nation to another due

to the aspect of cultural differences (Pye, 1965). Pye in his book 'Aspects of Political Development' in 1966, highlighted some significant characteristics of political development as shown in Figure 2. The most important aspects of political development include capacity, equality, and differentiation: (a) The aspect of capacity is generally related to the scope and magnitude of governmental and political performance. (b) The equality aspect denotes that laws should be of a universal nature and all people are equal before the law either rich or poor and strong or weak. (c) The aspect of differentiation indicates specialization and diffusion of structures (Blackmer, 2009).

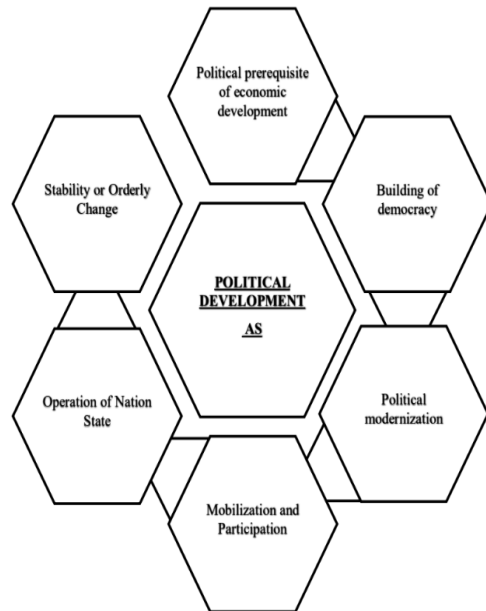


Figure 2: Lucian Pye's Characteristics of Political Development

### Application and Criticism of the Growth Models in Global South

The Global South has witnessed a number of developmental models for their economic growth. In the following table, the 20th-century development models are summarized as how they failed and were criticized for development in the Global South.

Table 1

*Economic Models that Originate in the West and their Application*

Models of Development	Origin	Economic Base	Characteristics	Application	Criticism
Harrod-Domar Model of Growth (1939)	West	Capitalist	-The growth depends on the amount of capital investment and quantity of labour. - Increased savings create self-sustainable economic growth. -No government interference in the functioning of the economy.	Despite a lack of savings, the countries have experienced rapid growth rates e.g.: Thailand	- This model slows down the economic growth in LDCs where physical capital is absent but labour is in plentiful supply. - No use of a fixed proportions production function.
Lewis Model of Growth (1954)	West	Capitalist	Concept of Dual Economy: - Capitalist-based manufacturing sector - Labour Intensive agricultural sector	-Ghana became a testing case study for ideas of Arthur Lewis's model of economic development. -The country that was seen as a robustly growing economy descended into political instability and economic misery.	- Economists believe that profit incentives do not exist in agriculture, but in the manufacturing sector.
Kuznets Hypothesis (1950s-1960s)	West	Capitalist	-Set the standard for accounting of national income. - Calculation of accurate GNP for the first time. -As an economy develops, economic inequality decreases while market forces increase. -Excessive migration of local labour to the urban areas would increase economic inequality.	- The rapid economic growth of East Asian Miracle (EAM) criticized the validity of the hypothesis.	- Critics argue that the U-shape depicts the historical differences between countries. -It comes from the progression in the development of individual countries.
Solow-Swan Model (1956)	West	Capitalist	-Labour and Capital are two main factors of Production. - Full employment in the economy. -Poor countries' income levels typically catch up to those of wealthier countries. -If the savings rates of rich and poor nations are comparable.	- Japan was relatively a poor country. It converged to the level of rich countries -The poor countries that raised their saving rates, experienced the predictions of the model.	-It fails to explain long-run growth. -Theory fails to explain the direction and pace of technical progress. -It fails to explain the cause of lower productivity in LDCs.

Models of Development	Origin	Economic Base	Characteristics	Application	Criticism
Neo-Classical Growth Theory (1956)	West	Capitalist	Highlights the three driving forces as capital, labour and technology for a steady economic growth rate.	-Basis for the explanation of the emergence of four Asian tigers including Singapore, Hong Kong, Taiwan and South Korea since the 1960s. -Countries developed by rapidly adapting to advanced technologies and investment in human capital.	-Unrealistic Assumptions -Overdependence on mathematical approaches -Does not explain the determinants of technological progress - Predicts that in a steady state, saving rates and economic growth will not be connected.
Rostow's Stages of Economic Growth (1960)	West	Capitalist	Five Stages of Growth: -Traditional Society -Pre-conditions to take off - Take off -Drive to maturity -Age of High mass consumption	- According to Rostow, regardless of location, all nations have an equal chance to flourish. Natural resources and population size. - For example, Singapore being an economically prosperous country have huge income disparities. As it has the busiest trading ports in the world but it wasn't possible without its island geography.	- The model assumes that the development pattern of Europe and the US can be applied to the rest of the world i.e., Industrialization and capitalist liberal democracy. -The countries that are unable to develop like the models of the US and Europe are considered problematic economies. -Ignores the aspects of history and geography. i.e., the impact of colonisation on the economy
Wallerstein's World System Theory (1974)	West	Capitalist	-Scale of Analysis: Global/Regional -Lack of infrastructure and institutions is not the problem. -It is to observe whom they serve. -Unequal exchange - Declining terms of trade -Source of raw materials and cheap labour for the core states. -Poor countries are exploited and further impoverished.	Being the core nation, the United States receives unequal benefits from political and economic interactions with semi-peripheral (Brazil) and peripheral (Kenya).	-The international capitalist system is considered problematic, so it calls for revolutionizing the capitalist system. - The core countries are viewed as an obstacle to the well-being of peripheral countries. -The role of government is placed with a heavy responsibility to serve its citizens.

(Source: Compiled by the Author)

### Revisiting The Development Models In The 21st Century

The pursuit of a country's economic growth is

shaped not only by comparative advantage or factor endowments but the effectiveness of a suitable economic model. As the development models of the 20th century became stagnant

and highly criticized by other scholars. With the start of the 21st century, the Western model of development has witnessed the emergence of China as a most important and complex aspect of foreign policy for the upcoming years. These well-known development models emerged to stimulate growth through institutional and economic reforms in the Global South. The Washington Consensus and Beijing Consensus generated considerable debate and captured notable attention (Huang, 2010).

The modern-day assistance of the US originates from the successful Marshall Plan of 1948 that has shaped the future of America's initiative for foreign assistance and cooperation. In order to advance its foreign policy objectives, the US has played a crucial role by establishing aid organisations like the United States Agency for International Development (USAID), Millennium Challenge Corporation (MCC), US Trade and Development Agency (USTDA), US International Development Finance Corporation (DFC), and US Export-Import Bank (EXIM). Through these investments, the US has been able to bring long-term benefits to the American people and the country (Runde, 2020). The US has been engaged in a longstanding and unwavering commitment to the regions of the Global South. Recent Chinese initiatives in the global political economy, such as the Asian Infrastructure Investment Bank (AIIB), the New BRICS Development Bank (NBDB), the New Silk Road Project (OBOR), and

the Free Trade Area of the Asia Pacific (FTAAP), serve as the cornerstones of the emerging Beijing Consensus (YAĞCI, 2016). These Chinese projects demonstrate how the new development paradigm may change how the economies of developing countries evolve.

### Washington Consensus: A Neoliberal Manifesto

John Williamson introduced the term "Washington Consensus" in 1989 as he presented ten economic suggestions. Williamson used the phrase "Washington" to refer to the US executive branch, the World Bank, the IMF, the Inter-American Development Bank, and the Federal Reserve Board (Williamson, 2000). Moreover, the think tanks and the members of Congress interested in the Latin American region are also concerned with economic policies. These policies are an amalgamation of administrative, technocratic, and political aspects. This idea was labelled as a "neoliberal manifesto" that promotes a free market economy and reduction of state involvement as a significant factor for the development of the global South. This initiated a debate by the opposers who criticised this new set of policies. They alleged that policies regarding institutional development, social nets and emphasizing social equity are overlooked by the Washington Consensus (Marangos, 2009). Table 2 contrasts and presents the Washington Consensus as a neoliberal manifesto.

**Table 2**

*Washington Consensus as a Neoliberal Manifesto*

POLICIES	Washington Consensus as a neoliberal manifesto
Fiscal discipline	Balanced Budget
Public Expenditure	Government expenditure reduced
Tax Reforms	Eliminate taxes and overall tax cuts that redistribute income
Financial Liberalization	Interest rates are market determined
Exchange Rates	Free-floating exchange rates are convertible
Trade Liberalization	Free trade, Elimination of capital and protection controls
Foreign Direct Investment	Barriers to entering foreign firms are abolished
Privatization	State enterprises are privatized

POLICIES	Washington Consensus as a neoliberal manifesto
Deregulation	Regulations impeding the entry of new firms are abolished
Property Rights	Not a concern

### World Bank And Imf- The Main Architect Of Structural Reforms

The Bretton Woods Institutions were established at the close of World War II to maintain peace by fostering development, preserving macroeconomic stability, and preventing the formation of currency blocs and unfriendly trade. In response to the debt crisis, the major Western institutions, especially those supported by the U.S., concluded in the early 1980s that the IMF and the World Bank should both play a significant role in global development strategy and debt management more generally (Kaminsky & Pereira, 1996). The three main causes of the Third World Debt Crisis were as follows:

- 1) The second oil price shock of 1979, which caused the Western economy to enter a recession. Banks and financial institutions then provided loans to nations so they could reduce the economic strain.
- 2) The West changed its approach to formulating economic policy, which led to the adoption of interest rates as a means of containing inflation. The cost of repaying debt for emerging nations increased significantly as a result of this increase in interest rates.
- 3) The third world's issues were exacerbated by the recession in the West as they explored expanding exports to raise foreign currency to pay off debt. However, the decline in Western economic activity also affected commodity exports from emerging nations (Blanchard et al., 1992).

The world experienced a debt crisis when most of the developing countries and notably Latin America were unable to repay the debt, and asked for assistance. To counter these financial crises, structural adjustment and macroeconomic tightening were administered through the conditionalities of institutes like the World Bank and IMF. The main architects of the Stabilization and Structural Adjustment

Programs (SSAPs) were the International Monetary Fund and the World Bank (Dooley & Easterly, 2003). The policies and measures adopted by developing countries include a reduction in government spending, change in macroeconomic policies and trade, changes in subsidy policies, devaluation of national currencies, and liberalization and privatization of internal markets and institutions. The Stabilisation Programs (SPs) are based on the neo-classical theory of the balance of payments and designed by the IMF. These programs were concerned with the short-term problems associated with debt accumulation and significant adjustments were made to correct the disequilibrium in the balance of payment of the national economy (Lahdenperä & Humayoun, 2010).

### China's Alternative Development Model - Beijing Consensus

China was in a disastrous military scenario in the early 1970s as a result of threats from the two powerhouse nations i.e., the US and the Soviet Union. Along with that, the country was facing economic isolation and diplomatic quarantine. At the end of the Cold War, the scholarly debate focused on how long Western ideas will dominate international politics as defined by Fukuyama's 'The End of History'. This backdrop was altered by the 2008 financial crisis. Today, the debate has shifted to China as it is actively contending for influence and global power. It focuses on how far the Chinese ideas can reach, also known as the "Beijing Consensus". Chinese reforms have produced continuous and rapid growth over the past 35 years and have helped hundreds of millions of people escape poverty. China has recently launched a soft power offensive all over the world. The IMF announced in October 2014 that China had surpassed the United States in terms of purchasing power parity and had become the world's largest economy (Stiglitz, 2015).

Daniel Bell in his recent book, "The China Model: Political Meritocracy and the Limits of

Democracy”, argued that the West has split the political world into good democracies and evil authoritarian governments (He, 2016). China has emerged as a sharp contrast to liberal democracy and as a soft-authoritarian state. The scenario began to change because the world could see the emergence of a competitive alternative in the shape of the Beijing model of development. The post-communist and developing countries are looking forward to the Chinese model for stability and growth. As of July 2015, the Asian Infrastructure Investment Bank (AIIB) was joined by more than 50 countries (Chin, 2016). By giving project loans to developing nations in Asia, the Bank has reduced American negotiating power and increased China's financial influence. The Beijing Consensus follows a unique approach to identifying the challenges of each nation.

### **Theorems of Beijing Consensus – a new consensus for growth in the 21st century**

#### **Innovation**

The challenges introduced by the changing social and economic environment should be addressed by active innovation of the government in order to outpace the losses from reforms. The constant changes and commitment towards the strategies are suitable for different scenarios. In the 1970s, China itself adopted the policy of innovation for its development.

#### **Pursuit of Dynamic Goals**

Secondly, the BJC rejects the idea of per capita GDP as the be-all and end-all phenomenon in prioritizing development. This idea serves as a contrast to the beliefs of Western policies. The UNDP Human Development Index (HDI) is considered the most accurate measure of quality of life. It provides the standards for development other than equating it with economic growth or GDP. The disparity between the measurement of GDP and HDI is a significant aspect.

#### **Self-Determination**

Finally, the BJC emphasises the need for developing countries to actively seek independence from hegemonic power such as the United States or any other type of external

pressure. This idea can be seen in the Chinese lens as it itself has pursued its own priorities and refused to submit to any external pressure. This proves how the Chinese model has attracted developing nations with strong interests. As China proposes the ideas of self-determination significant to development, it becomes highly appealing after a long history of Western exploitation and incursion (Chen, 2019).

### **Role of China's Financial Institutions**

The World Bank and IMF are no longer the only actors who can provide capital and back up the governments of the third world when they are facing an economic crisis. Few of the states now are able to support themselves using their own capital and others may support themselves in times of crisis through the emergence of investors who are constantly altering the financial architecture in the Global South such as China which is serving as an alternative lender to Africa by offering investments and financially supporting infrastructure projects in Africa. The states of the Global South are more attracted to China's loans and investments because China helps them to get out of the conditionalities imposed by the IMF and the World Bank (Dollar, 2020). Unlike the IMF, China does not demand change in the political or economic structure of the borrower state in exchange for loans; rather its main purpose is to ask for business and natural resources and to fill the infrastructure gap in Africa so an unutilized market can be put into place for Chinese exports.

The China Development Bank (CDB) and the Export-Import Bank of China (CHEXIM) are becoming the largest source of finance around the world. Compared to the combined yearly lending of the World Bank and other Western-backed development banks, it contributed 43.2 billion dollars in energy funding. China's international development banks have contributed close to 160 billion worldwide since 2000 (Moss and Rose, 2006). These investment estimates originate from a new influential database published and created by Global Economic Governance Initiative (GEGI), known as the China Global Energy Finance database. It has also taken two prominent initiatives in order to provide loans to developing states without relying on

Western-oriented banks. China is constantly posing a threat to the IMF, World Bank, and its main source of funds: the US by expanding its involvement throughout Africa by giving financial assistance to these states ([Renwick et al., 2018](#)).

### **Us-China Economic Rivalry In Global South**

Over the past few years, the rivalry between the US and China has taken a paradigm shift in International Relations. It not only shapes the real political, economic and military dynamics but also the strategic debates. The dimensions of Sino-US competition over status and power include an increasingly important ideological or political component and growing threat perceptions. The technological dimension has also become part of this systematic competition, as it is not used to set standards but the geopolitical power projection through the 'techno-political sphere of influence' ([Lippert & Perthes, 2020](#)). At the beginning of 2013, a competition developed between China on the one hand and the U.S. and other Western countries on the other, for making strategies and developmental models to promote economic growth. The outcome of this contest will determine the future of much of the Global South for decades to come. President Xi Jinping announced a massive initiative in 2013 called OBOR or 'One Belt, One Road'. This initiative was planned in such a way as to transform the economic core of the Global South and other developed regions including Eurasia ([Morrison, 2019](#)).

In practice, the Washington Consensus involves the transformational shift from state-led development to a market-oriented development. Moreover, the developmental problems are identified and framed with appropriate solutions in the form of stabilisation and structural adjustment programs via the World Bank and IMF. Practically, in the 1990s the Washington

Consensus failed to generate desired outcomes for the economic problems of developing countries. After these dissatisfactions and failures, a call for an alternate developmental paradigm was needed to replace the Washington Consensus. Stiglitz repeated that there's a need for replacing the present Consensus and called for a Post-Washington Consensus. This reformed form of Consensus will cover a broader set of goals and instruments for achieving high living standards by seeking democratic, equitable and sustainable development ([Lopes, 2012](#)).

Due to China's resilience in the face of economic crises and steady economic growth over the past three decades, it has emerged as the ultimate success story among developing nations. Through the emancipation of more than 500 million people from poverty over the past three decades, China has made enormous economic growth progress. This success story led to the debate that the Beijing Consensus is replacing the Washington Consensus ([Yao, 2011](#)). As the Beijing Consensus has enabled the developing world to achieve economic success and fit into the international system while preserving their right to independence. Williamson referred to the Beijing Consensus and explained the developmental policies pursued by China including innovation, experimentation, incremental reform, state capitalism, export-led growth and authoritarianism. The features of the Chinese model are a pragmatic approach to development rather than an ideological commitment. The newly industrialised economies of East Asia, including Hong Kong, Singapore, and South Korea, follow policies that are quite similar to those of the Chinese growth model. These economies promote export-led development, political authoritarianism and neo-liberal economic policies. Table 3 illustrates how the Beijing Consensus utilizes different policies and differs from the Washington Consensus.

**Table 3**

*The Washington Consensus versus the Beijing Consensus*

	<b>Washington Consensus</b>	<b>Beijing Consensus (Chinese experience)</b>
Role of the State in the Economy	Minimal	Market Maker

Financial System	Deregulation	Strictly controlled
Trade Policies	Free Trade International	Export Protection and Promotion
Investment Policy	Liberalization of Inward FDI	Regulation of Inward FDI and Technology transfer
Pace of Reform	Fast	Experimental and Incremental
Social Policy	Very Limited	Poverty Alleviation
Key Goal	Integration to World Economy	Industrialization
Implementation of Policy	One Size Fits All	Flexibility as of Chinese characteristics

Source: Authors own.

## Comparing US-China Foreign Aid and Development in the Era of Rising Powers

**Table 4**

*Comparing US-China Development Projects in Global South*

	<b>China's Development Projects in Global South (Data: Chinese Loans to Africa, 2021)</b>	<b>U.S. Development Projects in the Global South (U.S. Department of State, 2021)</b>
Hambantota Port, Sri Lanka	China funded and built a deep-sea port in Hambantota which has the potential to become a major transshipment hub. However, the project has been controversial due to concerns over its impact on local communities and Sri Lanka's ability to repay the loans.	President's Emergency Plan for AIDS Relief (PEPFAR), sub-Saharan Africa
Addis Ababa-Djibouti Railway, Ethiopia	China financed and built a railway line connecting Addis Ababa, the capital of Ethiopia, to the port city of Djibouti. The railway is the first electrified railway in Africa and has the potential to boost trade and economic growth in the region.	PEPFAR is a US government program that provides funding for HIV/AIDS prevention, treatment, and care in sub-Saharan Africa. The program has been successful in reducing the number of new HIV infections and increasing access to HIV treatment in the region.  The Global Partnership for Education is a multilateral partnership that supports education programs in developing countries. The partnership provides funding for education programs, strengthens education systems, and promotes gender

China's Development Projects in Global South ( <i>Data: Chinese Loans to Africa, 2021</i> )	U.S. Development Projects in the Global South (U.S. Department of State, 2021)
<p>Gwadar Port, Pakistan</p> <p>Gwadar, which is close to the crucial Strait of Hormuz, China provided funding for and constructed a deep-water port. The port is a component of the China-Pakistan Economic Corridor (CPEC), a system of roads, railroads, and pipelines that seeks to link western China with the Arabian Sea.</p>	<p>equality in education.</p> <p>Disaster relief assistance, various countries</p> <p>The United States provides disaster relief assistance to countries affected by natural disasters, such as earthquakes, hurricanes, and floods. The assistance may include food, shelter, medical supplies, and other forms of aid.</p>
<p>Maputo-Catembe Bridge, Mozambique</p> <p>China funded and built a bridge connecting the capital city of Maputo to the southern town of Catembe. The bridge is the longest suspension bridge in Africa and has the potential to boost trade and tourism in the region.</p>	<p>Feed the Future, various countries</p> <p>Feed the Future is a US government initiative that supports agricultural development in developing countries. The initiative provides funding for programs that improve agricultural productivity, increase access to markets, and reduce hunger and malnutrition.</p>
<p>Bagamoyo Port, Tanzania</p> <p>China and Tanzania have agreed to fund and construct a deep-water port at Bagamoyo. The initiative is anticipated to increase</p>	<p>Power Africa, sub-Saharan Africa</p> <p>Power Africa is a US government initiative that supports the development of clean and reliable energy in sub-Saharan Africa. The initiative provides funding and</p>

China's Development Projects in Global South (Data: Chinese Loans to Africa, 2021)	U.S. Development Projects in the Global South (U.S. Department of State, 2021)
employment and Tanzania's economic growth.	technical assistance for energy projects, with the goal of increasing access to electricity and promoting economic growth.

Source: Compiled by the Author.

On the basis of a number of metrics, foreign aid from China and the US can be compared including official development of foreign aid, origin and historical foundation, Target recipients, and institutional deployment mechanism of aid (Table 6).

**Table 5**  
Comparing US-China Foreign Aid and Development

	United States	China
The official definition of foreign aid	- Military and Economic aid based on the USAID green book.  -Contributions to multilateral organizations like the UN.	-Interest-free loans - Concessional loans - Grants (non-repayable funds)
Origin and foundation	-The Marshall Plan was launched after World War II to rebuild Europe.  -Resurrected during the Cold War as a tool to advance US goals.	-In the 1950s, China gave its first aid to Vietnam and the Democratic People's Republic of Korea.  -After the 1955 Asian-African Conference in Indonesia, the provision of foreign aid to other emerging nations was increased.
Target Recipients	Civil Society organizations Multilateral organizations States	- States
Recipient Countries	Afghanistan Iraq Israel Egypt	Cuba Cote d'Ivoire Ethiopia
Deployment Mechanism	Federal Government Organizations USAID	-China International Development Cooperation Agency (CIDCA)

United States	China
International Development Finance Corporation (DFC)	-Chinese embassies and consulates coordinate local deployment procedures

Source: Authors' own

### **A Way Forward For The Global South**

The countries of the Global South are poor because they have very little to offer the global market. In today's world, it is important for most countries to be globalized in some way to remain afloat. So, it is essential for third-world countries to become economically viable on an international level and rise up financially. Following are some of the recommendations that the countries of the Global South should follow to be considered as developed:

#### **Develop Endogenous growth and Development Models**

The endogenous growth model is one of the mainstream economic approaches to modelling effective economic growth. This model argues that improvements in productivity are directly linked to more investments and faster innovation in human capital from the private and government sector institutions. As economic growth is not just associated with the reduction of poverty, there's clearly a positive link between broader measures of human development and economic growth.

#### **Reduce Corruption in Institutions**

It is important for a country to have reliable institutions for economic growth and development. These institutes include banks, governments, jails, and courts. If the people or staff of these institutes are corrupted, then it is nearly impossible to serve justice and fairly treat the people of the nation. In this way, the entire structure from the public to the President will fail to reach a certain level of development and prosperity.

#### **Reduce Dependency on Aid**

Foreign aid has remained a vital aspect of the economic growth of the developing world. Where they have significant advantages like saving lives, encouraging development and

promoting sanitation, they may also increase the dependency on aid. Most less-developed countries become increasingly dependent on the donor countries and become highly indebted. The governments of developing countries need to scale up policies that spur democracy and enable an environment to build prosperity in LDCs through concrete priorities such as economic engagement, job creation and regional integration.

#### **Improve Regional Integration Initiative**

In moving away from a reliance on Western aid and assistance, the governments of Global South need to improve the regional integration initiatives which are key to encouraging long-term prosperity and sustainable development for the entire region. For instance, boosting the intra-Africa trade will not only improve productivity, increase industrial competition, or develop local infrastructure, but will be a key component to accelerate economic growth.

#### **Educated and Trained Labour Force**

The education and training of the labour force show a positive correlation in the countries of the global south. For suppose, if a country shows a lack of adequate education, then the labour force would also lack the training and skills of performing a basic task, hence resulting in high levels of unemployment.

#### **Conclusion**

As the preceding research makes clear that despite the gulf in ideology between the two countries, the US and China have not fought on either side of a war. China, through its involvement in the international system, has solidly bound its economic fate to that of the rest of the world and lifted hundreds of millions of Chinese people out of poverty. The Chinese participation in the global order has

been supported by the developing countries that increasingly cite China as an alternative development model to the West. The unbalanced economic development of China may pose unique new challenges. The investment-led growth and energy-intensive heavy industry have undermined employment gains and aggravated income inequality and contributed to heightened trade tensions for both China and the rest of the world. China embraces the Western ideas of freedom and democracy in its core socialist values. But China has the vision of promoting stability through 'developmental peace' as compared to the Westernized belief of 'democratic peace'. Overall, both China and the United States are major investors in third-world countries, although their investment patterns and approaches to foreign aid differ. While China has focused on infrastructure development, the United States has traditionally invested in the service sector.

While China is also presenting clear and new challenges to the US's role as a

guarantor of economic security in the developing world. China poses several challenges to the US's dominance, but there won't be a war between the two. Numerous areas of shared interest between the US and China present chances for international cooperation. The two may contribute significantly to global leadership on economic and development concerns and effectively promote international development cooperation. It is no longer possible for the US to seek policies of containing or isolating China. Instead, the Chinese military, economic and soft power require a different US response based on estrangement and confrontation. China has definite equities in global political, economic and security matters. Given China's transformative role regarding international finance and trade and energy consumption, the present US architecture for development remains inadequate. So, the US requires a potential solution to better engage with China as it continues to rise in the international economic order.

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