

# Essential Lessons from China's Development

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## ABSTRACT

China is unquestionably among the main beneficiaries of globalization. Since the reform and opening up in 1978, China's series of economic, political and ideological changes have achieved remarkable results, with China's economy growing at an average rate of nearly 8% per annum, greatly improving the average citizen's living standards (Bao et al., 2019). China's rapid economic growth has attracted the interest of scholars and officials from many other countries, both developed and developing. However, economic success as remarkable as China's cannot be attributed solely to economic globalization. China has also implemented many reforms in line with national conditions. Since many developing countries are socialist countries, China's successful reform is worth learning from. This paper will therefore describe China's successful experience, connect China with other developing countries, and then analyse the feasibility and effectiveness of replicating China's successful development experience in other developing countries.

**Keywords:** *developing countries; economic globalization; learning from experience*

## 1. INTRODUCTION

The reason why China's experience is of great significance to developing countries is that many developing countries have a history similar to China's, follow similar pursuits and face similar problems. Something else China and a number of developing countries have in common is the experience of hardships, and breaking the shackles of imperialism and colonialism through national liberation movements. However, these countries became economically and culturally backward (Fairbank & Goldman, 2006) and are now struggling to achieve modernization in the face of problems of resources, capital, talents, technology and management as well as the implementation by developed countries of "Double Standards" towards developing countries which has slowed the growth of developing countries. China and many developing countries can therefore be said to share a common historical destiny. In addition, China is a socialist country and adheres to the development path of socialism with Chinese characteristics. China explored a new path that accorded with its national conditions and national system, implemented many reforms and accumulated a good deal of successful experience (Kaplinsky & Messner, 2008). Therefore, China provides new choices for developing countries that want to accelerate development and maintain their independence, and China also contributes wisdom and solutions to

human problems. Therefore, developing countries can learn from China's successful reform experience.

## 2. POVERTY ALLEVIATION ACTIONS IMPLEMENTED BY THE CHINESE GOVERNMENT

The Chinese government implemented poverty alleviation actions that can be a model for successful reform worldwide and provides useful experience for developing countries in, for example, Africa.[1]

As well as the poverty alleviation programmes implemented in China since 1978, the World Bank has also formulated a series of preferential policies for poor countries. The poverty alleviation policies formulated in China were adapted according to the country's national conditions and had been completed by 2020, at which point the entire population has become moderately prosperous. First of all, China government changed the dominance of planned economy policy and instituted as part of national economic development a market economy that injected new vitality. This policy resulted first in some even becoming rich so that they could drive the poor out of poverty and achieve common prosperity. Secondly, China adhered to government leadership and made poverty alleviation an integral part of overall national development strategy, promoting it as a strategic task and concentrating on large-scale special poverty alleviation actions and development plans for specific

groups of people. Thirdly, China gave priority to agriculture, implemented overall planning of urban and rural economic and social development, and comprehensively promoted the development of the rural economy and society to the benefit of poor areas and the rural poor (Qasem et al., 2011). In short, the Chinese government attached great importance to the poor and a series of policies that were in line with national conditions has greatly reduced the number of poor people and provided successful experience for other developing countries. [2]

For example, the history of colonisation has been to make most countries developing countries with so backward an economic level that, in Africa, more than 40% of the people are poor. Therefore, African regions can learn from China's experience. First, liberalising markets can benefit the poor. There are signs that African farmers have the same reaction as the Chinese to market liberalization, so market liberalization will reduce poverty. Second, African governments should strongly support the development of the market economy and improve the feasibility and effectiveness of policy implementation. Third, the agricultural sector should be given great importance. Given Africa's poverty level, relatively rich land resources and current high food prices, agricultural strategies must be at the core of effective poverty alleviation programmes (Dirlik, 2007). Last, as Ravallion said: "We are a whole community, not a sole individual. Only by uniting can we overcome poverty."

In conclusion, some developing countries have learned from China's poverty alleviation experience and adjusted moderately to African national conditions. Consequently, the number of poor people in Africa are decreasing.[3]

China not only provides experience for other developing countries in poverty alleviation, but also provides rich experience for Vietnam's economic construction reform. The mountains and rivers of China and Vietnam are connected, with similar national conditions and the same system. In the 1980s, while the Vietnamese government was still working hard to raise the people's living standards, China's reform and opening-up policy was developing in depth. Moreover, China's reform has brought huge results and quickly changed the face of the country with its citizens gradually lifted out of poverty and became rich. Therefore, in recent years, Vietnam had learned from China's economic reform experience and implemented the innovation policy. Finally, the face of Vietnam's country has been changing rapidly with the people's living standards improving year by year and becoming more and more modern. [4]

In the process of reform, China transformed the planned economic system into the market economic system that allowed the invisible hand of the market to

participate in the economy, and the Chinese government vigorously advocated to promote the private enterprises and encouraged many people to start businesses. Secondly, the reform took the lead in rural areas. The government implemented the household contract responsibility system, liberalized the price of most agricultural side-line products, adjusted the rural industrial structure and developed the diversified operations and township enterprises which greatly mobilized farmers' enthusiasm for production. Most importantly, China concentrated on economic reform that invested a lot of human, material and capital resources. Besides, under the leadership of national leaders, China's economy achieved rapid improvement when the urbanization process was accelerated and people's living standards have been continuously improved (Yang, 2006). Therefore, under the premise of learning from China's reform experience, Vietnam, which has similar national conditions and the same system as China, began to carry on economic reforms. [5]

The core policy was to implement the contractual responsibility system that hands over the land to farmers. Eventually, the farmers not only had the right to production and operation, but also had the right to transfer, lease, mortgage and inherit lands. With the resolution of the rural production problem, Vietnam's innovation had been half successful. In conclusion, drawing on China's successful reform experience and national conditions, Vietnam's innovation will achieve brilliant results, and the quality of life of the people will become higher and higher.[6]

### **3. CHINA'S DEVELOPMENT**

China is often regarded as a rising hegemon, the next great superpower, and a global economic behemoth throughout the majority of the world. As China's economy outstandingly grows, it continues to attain growth rates that most countries can only dream of. The five-year growth strategy of China's government places a high priority on innovation and research and development in order to help the country make the transition to a service-based economy (Garlick, 2019). China presently accounts for 15% of global R&D expenditures, a figure that is expected to rise in the future. As a global leader in poverty reduction and improved health outcomes, China provides a model for the rest of the world to aspire to emulate. New goals for 2030 have been set in light of the success of the Millennium Development Goals (MDGs), which were declared recently. Several years ahead of schedule, the first Millennium Development Goal (MDG) of halving global poverty in 15 years has been achieved. As for the nearly one billion people who have been brought out of extreme poverty since 1990, China has every right to take credit for this achievement. According to the United Nations

Development Program (UNDP), China has contributed 76% of the reduction in world poverty.

Other MDGs, such as reducing maternal and child mortality, were also achieved faster in China than anywhere else. According to Huang et al. (2021), since 1970, there have only been 57 occurrences of locally transmitted malaria among the 24 million Chinese women who gave birth in 1970. By 2013, China's maternal mortality rate had dropped below the US level. Without the help of foreign governments, this has been achieved. We expect malaria to be eradicated by 2020. As the world works to accomplish the Sustainable Development Goals, it would be extremely beneficial for other developing countries to learn from China's exceptional successes.

China's economic growth is unmatched in the global economic scale. Consider how its internal savings keep increasing at a steady pace for developing countries to learn from. Increasing domestic savings is a huge undertaking, but one that must be undertaken. Many traditional development economists, like Robert Solow, Evsey Domar, Roy F. Harrod, and Pei-Kang Chang have recognized the importance of savings in a country's economic progress (Huang et al., 2021). As a matter of fact, even subsistence farmers realized that if they wanted to improve their current situation in the long run, they should have to start saving money now. When developing countries were thought to be able to borrow money from abroad to meet their capital needs, it was considered that this was the only option. [7]

While the world's biggest borrowers, particularly those in Latin America, have suffered significant losses, this assumption has persisted. As a counterpoint, China's early 1950s efforts were focused on building up capital from private savings within the country itself. A country's industrial potential must be developed in order to efficiently utilize domestic savings. Founder Lee Kuan Yew stated that no country has ever turned into a great economy without first being an industrial power in Singapore (Pezzutto, 2019). Starting with labor-intensive exports, it's now one of the most entrepreneurial countries in the world through its most comprehensive industrial network. Few development economists, on the other hand, have focused on how countries may industrialize and create their own entrepreneurs since the 1990s.[8]

#### **4. LESSONS IN CHINESE DEVELOPMENT PARADIGMS THAT DEVELOPING COUNTRIES CAN TRACK**

In order to recreate the Chinese approach, one must do reverse engineering, which is impossible to achieve from a single document. One of the most important conceptions that developed as China ushered in unparalleled economic growth was that of China's

reforms itself (Xiao & Men, 2021). Emerging countries can learn a lot from China's global economic prominence.[9]

#### ***4.1 Developing countries should start their outreach efforts with small farmers and rural communities***

Deconstructing collective farms and empowering small-scale farmers to alleviate food shortages were the first steps taken by China (Huang et al., 2022). The increase in yields was substantial. Instead than merely opening its agricultural markets, China actually reformed them. Prices (which were raised to encourage work) and distribution systems (which were controlled by the government) were also kept under control. Until the 1990s, the agriculture industry was mostly unaffected by market liberalization. Rural poverty rates fell from 76% to 23% in just five years ending in 1985 as a result of newly implemented reform incentives. Supply of manufacturing opportunities for rural populations, greater investment and savings, and demand for new products, all resulted from rising incomes and productivity in the economy.

Growth in rural areas has been tremendous. In the 1980s and 1990s, with the help of local leaders, the Chinese economy's township and village companies grew to be its most dynamic section (Ye, 2018). Leading companies like the Huanyuan are still based in rural areas. Many emerging economies have repeatedly underinvested in agriculture and rural infrastructure, whereas in China, 95 percent of the villages have phone connections, natural gas, running water, power, and roads.

#### ***4.2 Make significant investments in the knowledge infrastructure***

Although China had an illiteracy rate of 80% in 1949, the country currently boasts a highly educated workforce that includes trained professionals (Bikorimana & Shengmin, 2019). In China, more than a quarter of college-aged students are now enrolled in postsecondary education programs. Many remarkable successes were achieved prior to the reform era, especially at the primary and secondary levels. Health and education have always been top priorities for the Chinese government, which has paid off; by the late 1970s, China's human development was on par with that of more developed nations. Much more than only basic and secondary education, China places a great priority on its intellectual infrastructure. It has built state-of-the-art research facilities that have helped it acquire foreign technology, build the world's fastest supercomputer, launch astronauts into space, and establish its own global positioning system.

**4.3 Concentrate on modifying incentives and reducing growth barriers gradually**

Despite, or perhaps because of, the lack of institutional reforms, the economy grew at an astronomical rate. Slowly, but surely, China is re-engineering incentives and removing obstacles to release collected energy and spur growth (Wang et al., 2022). There are less issues than Western theories suggest at every level because enterprises and people have been rewarded for their creativity at every level, despite the absence of democracy and a lack of transparency in government. There are even considerable market distortions.



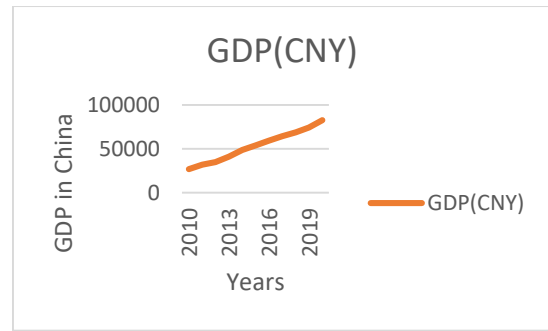
**Figure 1** Chinese export-import of goods and services development

Through the analysis, it can be examined that there is an increased trend of imports and exports in China to other countries over the period. According to (), the entire value of China's merchandise trade in 2021 will be 39.1 trillion yuan (\$6.15 trillion), representing a 21.4 percent growth year on year from 2016. Exports totaled 21.73 trillion yuan, representing a 21.2 percent annual increase, while imports totaled 17.37 trillion yuan, or a 21.5 percent annual increase. China's foreign trade volume, exports, and imports all climbed by 23.9 percent, 26.1 percent, and 21.2 percent, respectively, in 2020 when compared to the same year in 2019.

In several crucial markets, we've witnessed a move toward protectionist views, examples of how western politics affects Chinese enterprises' global ambitions. China's enterprises are resilient despite this, as seen by the bullish forecast for the country's economy. When it comes to globalization, Huawei is a great example of China's ability to adapt and thrive.

Regulations and political policies are affected by Chinese business culture, and businesses must take this into account if they hope to succeed in China. Working with local partners who are familiar with the area and who can help build trust is essential. Showing your desire

for a mutually beneficial conclusion is essential in Chinese business.[17]



**Figure 2** The development growth of the Chinese GDP

The study has indicated that there is an increasing growth in China, starting from 2010 to 2020. This was examined in the analysis of the data that was collected showing an increasing trend over time, for the selected period. However, even as the Chinese economy begins to slow, it continues to experience growth that most other countries can only dream of, thanks in large part to the government's focus on agricultural development during the past three decades. With the goal of assisting the country's leadership in making the transition to a service-based economy, China's leadership has placed innovation at the center of its five-year plan for Chinese development. R&D expenditures in China currently account for 15 percent of global expenditures, and this figure is expected to climb in the future.

**5. CONCLUSION**

With its growing importance on the global arena, China is in a unique position to increase its collaboration with other developing countries and transmit the lessons it has learnt from its own experience. It's no secret that China is a huge economic power. Taking the difficult steps necessary for long-term progress has simply been a matter of following classical economists' advice. In developing economies, these procedures have been in place for decades and are broadly recognized. Although the government has made a substantial contribution to China's development, it should not be given the credit for the country's achievements.

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