A Beijing Consensus in the Making: The Rise of Chinese Initiatives in the International Political Economy and Implications for Developing Countries

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Abstract

The "Beijing Consensus" (BC) as a concept has been utilised to distinguish China's economic development experience from the "Washington Consensus" (WC), the policy toolkit offered to developing countries by Washington-based international organisations. This paper posits that recent Chinese initiatives in the international political economy constitute the building blocks of an emerging BC with potential to significantly influence developing countries' economic development trajectories. In order to have a better understanding of the emerging BC and its relation with China's economic development experience, the main elements of the Chinese economic development experience are compared to the WC and Post-WC (PWC), and an early critical analysis of the BC is provided. This analysis illustrates that China does not try to export its economic development model to other countries; the BC has similar and distinguishing features compared to the WC and PWC; and while the BC offers some opportunities to developing countries, it also involves some contradictions and challenges.

Key Words

Beijing Consensus, Washington Consensus, China, International Political Economy, Global Development.

Introduction

> "Welcome aboard China's train of development. China is willing to offer opportunities and room to Mongolia and other neighbors for common development. You can take a ride on our express train or just make a hitchhike, all are welcome".[1] Chinese President Xi Jinping

Chinese ascendance in the international political economy has stirred debates among many scholars about the possible

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economic and political implications of a rising China. The "Beijing Consensus" (BC) as a concept has been utilised to make the point that China's successful economic development experience over the last three decades offers an alternative to the policy toolkit offered to developing countries by the International Monetary Fund (IMF) and the World Bank, the so called "Washington Consensus" (WC).[2] While the BC has been conceptualised to reveal Chinese style economic development policies, this paper asserts that a better comparison between the BC and WC would be to analyse how China's place in the international political economy would influence and alter developing countries' economic development trajectories by changing global development dynamics. In this respect, this paper examines recent Chinese initiatives in the international political economy as building blocks of an emerging BC. This emerging BC offers an opportunity to evaluate how Chinese initiatives differ or not from WC practices, especially in terms of their potential influence on the economic development trajectory of developing countries.

While early conceptualisations of the WC offered ideal policies that would lead to successful economic development in developing countries, policy prescriptions of the WC would not have much influence on developing countries and their economic development trajectories if these prescriptions and some other neoliberal policies had not been recommended or conditioned on them by IMF and World Bank programs, under "coercive conditionality".[3] Thus, it is important to distinguish between WC policy prescriptions seen as necessary elements of successful economic development and how these prescriptions were implemented in developing countries with the involvement of international financial organizations. In other words, it is necessary to distinguish between the WC in theory and the WC in practice.

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This paper offers a comparison between the WC and Post-WC (PWC) in practice with the Chinese economic development experience and shows that they diverge in different policy areas and in the ways these polices are implemented. Furthermore, this study brings an analysis of recent Chinese initiatives in the international political economy, the Asian Infrastructure and Investment Bank (AIIB), the New Silk Road Project- commonly known as "One Belt One Road" (OBOR), the New BRICS Development Bank (NBDB), and the Free Trade Area of the Asia Pacific (FTAAP), as building blocks of the emerging BC, and provides a critical account of how the emerging BC will possibly alter the economic development trajectories of developing countries.[4] An early analysis of these initiatives helps us in having a better understanding of the emerging BC, its implications for the global political economy, and how these initiatives will influence the economic development trajectories of developing countries. The analysis in this paper illustrates that Chinese experience significantly diverges from the WC and PWC in practice though the emerging BC resembles the WC and PWC in terms of promoting free trade relations and liberalisation of inward foreign direct investment (FDI) in developing countries. The liberal orientation in the emerging BC is in contrast to the expectation that the rise of Brazil, India and China will lead to a less liberal international order.[5] From a different perspective, the emerging BC does not try to export the Chinese economic development model to other countries, as argued by some scholars.[6] In addition, the emerging BC as a transnational policy paradigm distinguishes itself from the WC and PWC by emphasising infrastructural finance, mutual development, no policy conditionality and organizational features that are absent in the US-backed international financial organizations. Moreover, Chinese initiatives under investigation in this study are not conducted in isolation from the domestic economic reforms efforts or from the economic slowdown referred to as the "new normal" in China. With this in mind, this paper provides a domestic, second image explanation for these recent initiatives.[7]

This paper is organised as follows: in the first section the BC as a Chinese economic development experience is compared to the WC and PWC in practice. The second section provides a domestic level, second image analysis of recent economic reform efforts in China and how they have resulted in the rise of Chinese initiatives in the international political economy. The third section examines the building blocks of the emerging BC in comparison to their

US backed counterparts, and the last section concludes with the implications of these initiatives in the international political economy.

The (Post)- Washington Consensus versus the Chinese Economic Development Experience

The WC in theory refers to the policy recommendations of free-market capitalism, outward orientation, and prudent macroeconomic policies as these are assumed by technocratic Washington to result in "economic objectives of growth, low inflation, a viable balance of payments, and an equitable income distribution".[8] The original formulation of the WC was not a policy prescription for development, but this is how it is interpreted.[9] The WC in practice involved not only a shift from state-led development to market-oriented development, but also, more importantly, a shift in how development problems were framed and, relatedly, how appropriate policy solutions were justified with the dominance of ahistorical orientations via IMF and World Bank stabilisation and structural adjustment programs.[10] Moreover, early formulation of the WC, or the WC in theory, did not include rapid capital account liberalisation, but Bretton Woods organisations have contributed to the emerging economy crises by promoting this policy.[11] The WC in practice has not generated its desired outcomes, and the economic problems of developing countries in the 1990s were interpreted as the failure of these practices.[12]

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After these failures and dissatisfaction came the call for an alternative economic development paradigm that would replace the WC. Stiglitz iterated that "The debate now is not over whether the WC is dead or alive, but over what will replace it"[13] and there were calls for a "Post-Washington Consensus" (PWC) which would recognise that we need a broader set of instruments and that our goals should be broader in achieving higher standards of living by seeking equitable, sustainable and democratic development.[14] Öniş and Şenses emphasise the critical role of Bretton Woods organisations in determining economic development policy agendas around the world and they assert that the rise of the PWC after the emerging economy crises in the 1990s can be seen as an improvement over the WC. However, the PWC has limitations of its own in terms of adopting a narrow, technocratic approach to state-market relations, taking existing power relations as predetermined, giving less focus to widespread problems of poverty, inequality and competitiveness in the national and global economy, and paying almost no attention to the industrialisation efforts of developing countries.[15] More recently, the global economic crisis has been interpreted as being one of the latest manifestations of the growing dissatisfaction with the neo-liberal economic paradigm associated with the WC, and this dissatisfaction has renewed interest for industrial strategies in different contexts.[16]

With this background of transition from one dominant economic development paradigm to another and problems faced in that transition by developing countries, the Chinese experience stands as the ultimate success story among developing countries with its resilience to economic and financial crisis and sustained economic development over the last three decades.[17] China has achieved significant economic development progress by having an average economic growth rate of 10%, becoming an upper-middle income country, and lifting over 500 million people out of poverty over the last three decades.[18] This success story led to the argument that the BC is replacing the WC as it enables developing countries to fit into the international system by achieving economic success while preserving their independence.[19]

According to Ramo, the main features of the BC are a focus on innovation, goals of sustainable and equitable economic development, and Chinese characteristics of development, which emphasise self-determination in international affairs and establishing their own model of development.[20] These features and the rise of China are appealing to other developing countries because the BC resembles a very good example for other developing countries on how to "organize the place of a developing country in the world".[21] Debate over the BC started with the labelling of the main features of the Chinese development experience as the BC and outlining how these features are appealing to other developing countries. In Chinese economic development, the "process of gradualism, experimentation, managed globalization and a strong state has allowed for a sequencing of reforms that has served China well", making the Chinese experience a success story.[22] For Williamson, development policies pursued by China referring to the BC include incremental reform, innovation and experimentation, export-led growth, state capitalism and authoritarianism.[23] Lee, Jee and Eun underscore that one of the critical features of the BC has been to regulate inward FDI so that local partner Chinese companies could transfer technology by parallel learning as "China took advantage of its large market size to pressure the foreign partner to transfer core technology to the local partner".[24]

There are also critiques of BC characteristics, such as noting that technological innovation has not been at the centre of China's growth, pointing to a lack of evidence to argue that China is pursuing sustainable and equitable development, and showing China as a unique case thus forming a "consensus" out of it is not helpful for other developing countries.[25] On the other hand, policies of the China model are very similar to those of the newly industrialised economies of East Asia (Singapore, Hong Kong, South Korea) in bringing neo-liberal economic policy and political authoritarianism together and promoting export-led development, thus the China model has the features not of an ideological commitment but rather a pragmatist approach to development, in other words, evidence of a strong, pro-development state and selective learning from the Western experience.[26] Others have noted that China's unique features of geographical size, labour-abundant economy and hierarchical authoritarian political system disqualify the Chinese experience from easy generalisation, but the Chinese experience may offer some lessons to other developing countries: public ownership can be efficient and can generate public goods, competition is (still) more important than ownership, and a strategy of investment-led growth is essential.[27] Some have emphasised that China has been successful in economic development by bringing together local policy experimentation and long-term policy prioritisation by utilising the policies of other countries selectively.[28] Some assert that the Chinese Communist Party's strong commitment to economic development, its guidance and efficient utilisation of land, capital, labour, entrepreneurship, and technological innovation led to the Chinese success story, however economic development also brought other problems with it such as social inequality, persistent and oppressive bureaucracy, and environmental crisis.[29] Hsu further argues that replication of the China model is not advisable because of the problems Chinese development has caused such as increasing income inequality and exclusionary development practices.[30]

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In terms of financial policy, it is highlighted that China has been successful so far in bringing together exchange rate stability, closed financial markets and monetary independence, the so called "impossible trinity" which was very critical in its economic development success.[31] However, the evidence illustrates that other developing countries are nowhere near China in achieving this impossible trinity, rather, in developing countries exchange rates have been less stable, their financial systems have been more open and monetary policy more independent compared with China. Moreover, the gap between what China does and what other developing countries do has been widening in contrast to the BC's implication that China is illustrating a model for other developing countries.[32]

The Chinese development experience can be characterized as similar to the developmental states in East Asia but China has some other country specific, unique features such as the incremental and experimental approach to economic reform.[33] For instance, the Shanghai Pilot Free Trade Zone was established in 2013 for experimenting with new economic reforms such as financial liberalisation.[34] Another major difference between the Chinese experience and other developmental states is that countries such as Japan, South Korea and Taiwan were able to take advantage of the Cold War era. By being allies of the United States, these countries received financial support and were able to sell their products in Western markets, while also receiving military protection against the aggressive countries in the region. In contrast, China did not have a major international partner but took advantage of the Chinese diaspora in the finance and trade centres of Hong Kong, Macao, Taiwan and Singapore, especially in the early years of economic opening, and facilitated inward investment from these countries, which helped the coastal regions of China emerge as trade and finance centres.[35]

Despite these characterizations of the BC, it should be noted that even for the developmental states of East Asia, we cannot talk about a unique East Asian economic development model because of divergent historical, institutional and political contexts within which development policies have been implemented.[36] Therefore, countries should take lessons from other development experiences with careful consideration of their own circumstances.[37] China as an example of economic development success story offers very important lessons for other developing countries but it is better to see it as the "Chinese economic development experience" with unique Chinese characteristics rather than a model to be utilised in other contexts. Because of the unique and even contradictory features of Chinese economic development, McNally calls the Chinese economic system as "Sino-Capitalism".[38] It can also be argued that the China model cannot be transferred to other countries for several reasons.[39] Therefore, instead of the BC, I prefer to use the term "Chinese experience" in economic development and compare it with the WC and PWC in practice. The IMF and the World Bank offer policy recommendations and advocate policy change and reform in developing countries that would result in an "ideal type" environment for economic development. The Chinese experience differs significantly from these policy recommendations. With a focus on the role of the state in the economy, finance, trade, investment and social policies, pace of economic reform, policy implementation style and ultimate goal, Table 1 illustrates how the Chinese experience utilises different policies to achieve the main economic objective of industrialisation and differs from the WC and PWC in practice. It should be noted that in East Asian developmental states and in the Chinese experience the ultimate objective has been to foster industrialisation in economic development whereas the WC and PWC in practice did not prioritise this objective.[40] This distinction is critical to having a better understanding of the emerging BC and its influence on the development trajectory of developing countries.

Table 1: (Post)-Washington Consensus versus Chinese Experience

	Washington Consensus	Post-Washington Consensus	Chinese Experience
Role of State in the Economy	Minimal	Regulatory	Market Maker
Financial System	Deregulation	Optimal Regulation	Strictly Controlled
Trade Policy	Free International Trade	Free International Trade	Export Promotion and Protection
Investment Policy	Liberalisation of Inward FDI	Liberalisation of Inward FDI	Regulation of Inward FDI and Technology Transfer
Social Policy	Very Limited	Limited Redistribution	Poverty Alleviation
Pace of Reform	Fast	Regulation First	Incremental and Experimental
Policy Implementation	One Size Fits All	Policy Recommendation	Flexibility - Chinese Characteristics
Key Goal	Integration to World Economy	Proper Domestic Regulation	Industrialisation

Source: Author's analysis.

One of the major characteristics of Chinese economic development is the pragmatism to adopt different policies at different stages of economic development. In the last few years Chinese policy makers have started to implement new economic policies to adjust their economic development to what they call the "new normal" in the economy by targeting 7.5% and 7% economic growth rates in 2014 and 2015 respectively.[41] In this respect, the Third Plenary Session of the 18th Central Committee of the Communist Party of China gives us a good opportunity to analyse the extent of the latest economic reform efforts in China and their international implications.

Chinese Economic Reform Efforts

In November 2013, the Third Plenary Session of the 18th Central Committee of the Communist Party of China took very important decisions to "deepen the economic reform".[42] Some of the main proposals during these meetings were financial liberalisation reform; making use of accumulated foreign exchange reserves; taking advantage of production overcapacity in the economy; and being a reference of economic development for other countries by establishing cooperation mechanisms. In this regard, the published report from the meetings indicates that:

> "We will set up development-oriented financial institutions, accelerate the construction of infrastructure connecting China with neighboring countries and regions, and work hard to build a Silk Road Economic Belt and a Maritime Silk Road, so as to form a new pattern of all-round opening".[43]

These are very important statements in terms of having a better understanding of China's place in the international political economy because "the more significant long-term story may be about the continuing, remarkably rapid, evolution of the international political economy and China's place in it"[44] as China starts to play a more crucial role in the coming years not just in trading relations but also in development finance, both of which will have a significant influence on the economic development trajectory of developing countries.

The establishment of the AIIB and NBDB, the Chinese initiative of OBOR, and the proposal of the FTAAP stem from the need to reform the Chinese economy, and are the international implications of domestic economic reform efforts. Before we analyse these recent Chinese initiatives in more detail, we can learn from the lessons of Chinese development assistance in other countries and regions. McKinnon indicates that Chinese development assistance to African countries is mainly in the form of non-concessional loans and export credits, and Chinese development assistance is complemented with direct investments by Chinese companies.[45] According to McKinnon, the main feature of Chinese development assistance to Africa is avoiding lending cash to the recipient countries but making quasi-barter deals so that China will receive commodities in return for development aid. Davies asserts that African governments can take advantage of competition between Chinese and Western donors in terms of offering development aid but he also emphasises that the aid relationship will continue as long as donors' interests are met.[46] Jenkins analyses the Chinese development assistance in Latin America and asserts that China's main interests in the region are "raw materials, a market for exports of manufactured goods and an area of diplomatic competition with Taiwan" and that the asymmetric nature of the relationship illustrates the centre-periphery distinction. However, he also notes, China is far from being a hegemon in the region, as the US is still the most powerful actor in Latin America.[47] Here it should be noted that research on Chinese development aid in Africa and Latin America focuses on how the Chinese approach to development aid differs from Western style, while overlooking the impact of Chinese activities on the economic development trajectory of developing countries. In contrast, this study tries to examine how the emerging BC will potentially influence developing countries' economic development trajectories in comparison to the WC and PWC.

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Lin and Wang provide a more detailed analysis of how China can contribute to development assistance and argue that China can provide "ideas, tacit knowledge, implementation capacity, opportunities as well as finances" in facilitating the structural transformation of recipient countries, as China is "a bit ahead in structural transformation, has a high complementary and more instruments of interaction".[48] Because of the rising labour cost in China and the domestic economic reform efforts, Chinese investments in other regions will be critical as "the reallocation of China's manufacturing to more sophisticated, higher value-added products and tasks will open great opportunities for labor-abundant, lower income countries to produce the labor intensive light-manufacturing goods that China leaves behind".[49] Moreover, revealing the Chinese strategy in development assistance, Chinese policy makers in their official documents emphasise the importance of building up recipient countries' self-development capacity, not attaching any political or economic reform conditions, and respecting and treating recipient countries as equal for mutual benefit and common development. More recent versions indicate that a more internationalised orientation in the Chinese approach of providing development assistance for infrastructure projects will be one of the main priorities of Chinese authorities.[50] Related to the latest initiatives of Chinese policy makers, Lin and Wang assert that "One Belt One Road" is a reflection of the Chinese economic development experience because "in order to get rich you need to build roads first", and building infrastructure is a very important countercyclical measure to boost aggregate demand and long term productivity.[51] However, the issue of whether and how China will contribute to industrialisation efforts in developing countries is an open question. As Table 1 has illustrated, the Chinese experience has prioritised industrialisation in economic development and Chinese characteristics of economic development, thus policies in different areas have all sought to contribute to industrialisation efforts. This issue will be further investigated in later sections with a focus on the potential influence of the emerging BC on industrialisation efforts in developing countries.

Recent Chinese initiatives illustrate that China will put more emphasis on multilateral dimensions of development assistance and development finance in addition to bilateral or regional policies. This will have a major influence on the way China's aspirations will shape the international political economy and create new dynamics for global economic development. Beeson and Li indicate the critical role of international financial organisations for "the promotion and implementation of a particular set of policy ideas and principles" and note that "multilateral organizations, therefore, are key sources of notionally 'independent' and expert authority, with the sort of financial leverage that makes their advice hard to resist".[52] That is why the activities of multilateral organisations have had a big influence on ideas about development over the last 50 years as a complement to American foreign policy. In explaining the multilateral turn in Chinese initiatives, Chin indicates that "multilateral organizations can legitimize and universalize Chinese interests at a time when China needs to reassure others about the way it will use its newfound powers in the global system".[53]

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Recent scholarship has also focused on efforts to alter the power dynamics in existing international organizations of the IMF and the World Bank.[54] Although IMF quotas and governance reforms were approved in 2010, the US Congress ratified the reforms in December 2015, only after recent Chinese initiatives had taken hold.[55] With the recent developments, there needs to be more focus on the organisational and operational features of Chinese initiatives that will be in competition if not in conflict with the existing Bretton Woods organisations. Chinese initiatives of the AIIB and NBDB, the OBOR and the proposal of the FTAAP are in different areas and their objectives may seem distinct, however they are interconnected, and they have similar goals in terms of determining China's place in the international political economy and sustaining Chinese economic development in the coming years.[56] Their analysis together brings a better perspective to evaluate China's changing role and how it will alter future global development dynamics.

The Beijing Consensus in the Making

Since 2013, coinciding with Chinese domestic economic reform efforts, on several occasions Chinese leader Xi Jinping has expressed China's goals of implementing new international development organisations and proposals that will have major influence on other developing economies. For instance, during his visit to Kazakhstan[57] in September 2013, Xi Jinping expressed China's interest in establishing an "economic belt along the Silk Road" from the Pacific Ocean to the Baltic Sea, and in October 2013, before the APEC meeting in Bali, Xi Jinping expressed China's intention to establish a new multilateral Asian infrastructure bank and Maritime Silk Road.[58] The Silk Road Economic Belt and the 21st Century Maritime Silk Road together form the OBOR, a proposal that is complementary with the initiative of the AIIB.[59] In November 2014, Chinese authorities pushed the Free Trade Area of the Asia Pacific (FTAAP) issue on the APEC agenda, and the meeting resulted in an agreement for a two-year study on the possibility of a Pacific-wide free trade zone.[60] During the most recent APEC meeting, China again pushed for acceleration of the FTAAP, and a senior Chinese official indicated that study on the FTAAP was in the phase of substantive drafting.[61] Lastly, in July 2014, during their meeting in Brazil, the BRICS countries announced their plan to establish a new development bank.[62] It may be argued that this is a BRICS initiative not a Chinese one, but considering the economic and financial superiority of China within the BRICS, India's current economic power and major economic problems faced by Russia, Brazil and South Africa, it is not difficult to see that China is the indispensable actor in this new organisation.[63]

> The World Bank and IMF's coercive power, combined with not having any other alternative in the international system, left developing countries with no option but to comply with policy conditionality in return for financial assistance.

In this paper I assert that these Chinese initiatives form the building blocks of the emerging BC and in this regard I see the BC as an emerging transnational policy paradigm in competition with the WC.[64] Babb illustrates the rise, prominence and decline of the WC and argues that the WC was not merely an intellectual product or collection of economic ideas, because the World Bank and IMF were critical in its adoption by developing countries with strict policy conditionality attached to the structural adjustment and stabilisation programs. The World Bank and IMF's coercive power, combined with not having any other alternative in the international system, left developing countries with no option but to comply with policy conditionality in return for financial assistance. Although Babb notes that there seems to be no competing paradigm to the WC at the national or international system, I argue that recent Chinese initiatives illustrate that the emerging BC offers an alternative transnational policy paradigm by distinguishing itself from the practices of the WC and PWC, by emphasising mutual benefit and mutual development, and also not attaching any policy conditionality to its finances. Moreover, in terms of organisational features, the emerging BC maintains a share of power with other developing countries, and supports a rotation of presidencies in key positions. With these features, the unwritten rule of having an American president for the World Bank, a European president for the IMF and a Japanese president for the Asian Development Bank (ADB) will be further questioned by other emerging countries. More importantly, with recent Chinese initiatives, developing countries will have important alternatives for their developmental needs, which may possibly ease their position in the international system and will open up more developmental space for them especially in terms of infrastructure finance.[65] However, I also argue that Chinese initiatives are not promising in terms of enlarging developmental space for developing countries' trade relations and industrialisation efforts. Chinese initiatives aim to foster free trade and liberalisation of inward FDI in countries involved in the OBOR and FTAAP. This means that mutual development goal advocated by Chinese authorities does not necessarily refer to facilitating industrialisation efforts in developing countries which require infant industry protection and technology transfer policies as was the case for the China. Thus, while the emerging BC does not advocate policy change within recipient countries, Chinese initiatives aim to liberalise trade and investment relations with developing countries and these policies are similar to the WC and PWC. This is actually an irony because "China, which has never had a liberal internationalist tradition in its intellectual history until modern times, is now claiming to be assuming the mantle of international economic liberalism".[66] This raises the question of whether China is kicking away the ladder for developing countries such that they will not be able to utilise critical policies for their industrialisation efforts if they want to join the Chinese train of development.[67] The sections below provide a more detailed analysis of Chinese initiatives and their implications for developing countries.

The Asian Infrastructure and Investment Bank (AIIB)

The AIIB as a multilateral development bank has 57 founding members from Asia, Africa, Europe and South America, and is headquartered in Beijing. Its first President is from China and it has started its operations in 2016.[68] The initial authorised capital of the AIIB is US$ 100 billion. The Asian member countries will be the majority shareholders and will hold almost 75% of shares.[69] China has provided about US$ 30 billion to initial capital subscription; India US$ 8 billion; and Russia US$ 6.5 billion; constituting the three largest contributors to the AIIB's initial capital.[70] With its 30% contribution to initial capital stock, China will have 26.06% of the total votes and thus the largest voting right, with the second largest voting power going to India (7.5%) and the third largest to Russia (5.93%) –assuming the number of member countries remains the same.[71] With 26.06% of voting power, China will be able to block any decision that requires a super majority.[72] However, Chinese authorities have recently announced that they will not exercise veto power at the AIIB, in contrast to the American practices at the IMF and World Bank.[73] The AIIB will raise capital in US dollars, euros, and yuan, and will make loans in US dollars.[74] The AIIB will focus on financing infrastructure projects in Asian countries and will also complement OBOR. According to OECD estimates, the global infrastructure gap is expected by 2030 to be around US$50 trillion and, according to the ADB, between 2010-2020, Asian countries will need total infrastructure investment of US$8 trillion, in other words, almost US$750 billion infrastructure investment every year.[75] These studies illustrate that the AIIB will fill a very important gap for the economic development trajectory of Asian countries and will be in competition with the US-backed international organizations.

One Belt One Road (OBOR)

OBOR is one of China's most ambitious initiatives and the AIIB's operations will be in line with it. Xi Jinping expressed the ambitious goals of OBOR during APEC meetings held in Beijing in November 2014:

> "[connectivity] is not merely about building roads and bridges or making linear connection of different places on surface. More importantly, it should be a three-way combination of infrastructure, institutions and people-to-people exchanges and a five-way progress in policy communication, infrastructure connectivity, trade link, capital flow, and understanding among people".[76]

The National Development and Reform Commission of China issued the first formal document outlining the ambitious goals and extent of this project in March 2015, indicating that the main goals of this project are "peace, development, cooperation and mutual benefit" and that the initiative is "designed to uphold the global free trade regime and the open world economy in the spirit of open regional cooperation" and also "aimed at promoting orderly and free flow of economic factors".[77] According to the same document, this new initiative is critical for the opening up reform efforts in China as it "will enable China to further expand and deepen its opening-up, and to strengthen its mutually beneficial cooperation with countries in Asia, Europe and Africa and the rest of the world".[78] As argued in previous sections, this initiative strives to facilitate trade and investment liberalisation and countries involved should "remove investment and trade barriers for the creation of a sound business environment within the region".[79] This will facilitate the investment of Chinese companies in these countries. OBOR complements AIIB activities, and while Chinese officials indicate that AIIB operations do not involve policy conditionality, OBOR involves implicit conditionality of trade and investment liberalisation, which will facilitate foreign investments by Chinese companies.

China has established a US$ 40 billion fund for the purposes of this project.[80] Recently, the China Export-Import Bank announced that at the end of 2015, it had outstanding loans covering 1,000 projects in 49 countries, worth more than 520 billion yuan or US$ 78.93 billion.[81] A recent report has claimed that China plans to spend US$ 240 billion to OBOR related projects in the near term.[82] One of the most ambitious projects of the 21st century, with the goal of connecting three continents and more than 60 countries via roads, railways, bridges, will take a long time to complete and will be a big test for China. However, even the proposal of this mega project by China shows its aspirations of assuming a new role in the international political economy.

The New BRICS Development Bank (NBDB)

The NBDB is a multilateral development bank that will provide liquidity to member states during times of crisis and will also finance infrastructure and development projects around the world, with an initial subscribed capital of US$ 50 billion and authorised capital of US$ 100 billion.[83] China provides US$ 41 billion, India, Russia and Brazil US$18 billion, and South Africa US5$ billion for the authorised capital.[84] The headquarters of the NBDB is in Shanghai and the first president is from India. This organisation is a major step toward institutionalising the BRICS cooperation and rivalling the US-backed IMF and World Bank. At the NBDB no country has veto power and all BRICS countries will have equal votes.[85] The appeal of this organisation to developing countries will shape its future influence and China as the biggest contributor to the funds will play a key role in operations of the bank. Table 2 below compares the IMF, World Bank, ADB and recent multilateral initiatives of the AIIB and NBDB in more detail.

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Table II: Current Multilateral Development Organisations versus Chinese Initiatives

	IMF	World Bank	ADB	AIIB	NBDB
Headquarters	Washington DC	Washington DC	Manila	Beijing	Shanghai
President	European	American	Japanese	Asian	BRICS
Largest Capital Contributor	USA (17.68%)	USA (16.88%)	Japan (15.67%)	China (29.78%)	China (41%)
Largest Voting Power	USA (16.74%)	USA (15.97%)	Japan (12.84%)	China (26.06%)	Equal among BRICS
Veto Power	Yes	Yes	Yes	No	No
Number of Members	188	188	67	57	5
Authorised Capital Stock	US$ 286 Billion	US$ 212 Billion	US$ 100 Billion	US$ 100 Billion	US$ 100 Billion

Sources: https://www.imf.org/external/np/sec/memdir/members.aspx#total; https://www.imf.org/external/np/exr/facts/glance.htm; http://siteresources.worldbank.org/BODINT/Resources/278027-1215524804501/IBRDCountryVotingTable.pdf; http://www.adb.org/sites/default/files/page/30786/oi-appendix1.pdf

The Free Trade Area of the Asia Pacific (FTAAP)

China's exclusion from TPP negotiations has led the Chinese leadership to revitalize the FTAAP proposal and bring it back to the APEC agenda in 2014.[86] TPP negotiations cover 12 countries but the FTAAP is proposed to include all the parties in the TPP plus eight more, including China and Russia. The combined share of FTAAP partners in the world GDP is around 58%.[87] Countries that are not currently included in the FTAAP, such as Cambodia, Lao PDR, Myanmar, India and European Union countries, are part of the OBOR, which also seeks to foster trade and inward FDI liberalisation.[88] In other words, the Chinese initiatives of OBOR and the FTAAP complement each other in different ways for the common goal of liberalising trade and investment regimes in developing countries.

Implications of the Emerging Beijing Consensus for Developing Countries

While Chinese initiatives offer opportunities to developing countries especially in terms of infrastructure finance, they also illustrate some challenges and contradictions in the Chinese approach to multilateral development assistance. For instance, Chinese authorities emphasise mutual development as an ultimate goal of these initiatives. However, for these initiatives to result in mutual development, there needs to be efforts to support industrialisation in developing countries, as many developing countries suffer from what Rodrik calls "premature deindustrialization": "Developing countries are turning into service economies without having gone through a proper experience of industrialization".[89] As seen in previous sections, developmental states and China have prioritised industrialisation as an ultimate objective of economic policy and they have utilised different policies for this purpose. By promoting free trade and liberalisation of inward FDI in OBOR and the FTAAP, the emerging BC is not promising in supporting the industrialisation efforts of developing countries by eliminating export-led growth strategies and technological transfers from inward FDI. The emerging Beijing Consensus has two common elements with the WC and PWC policies as listed in Table 1, namely, China's efforts to promote free trade and the liberalisation of inward FDI. This illustrates that despite China's emphasis on "no policy conditionality" and "mutual development", being part of these Chinese initiatives requires implicit conditionalities. This is a very critical contradiction of the emerging BC. Also, in the operations of the NBDB, the ways in which the differing national interests of BRICS countries will shape the functioning of the bank and how China as the biggest economic power will take a position in the coming years will be a major challenge to overcome.[90]

While Chinese initiatives offer opportunities to developing countries especially in terms of infrastructure finance, they also illustrate some challenges and contradictions in the Chinese approach to multilateral development assistance.

Conclusion

This article seeks to re-conceptualise the "Beijing Consensus" by examining the latest Chinese initiatives in the international political economy with a focus on how they will influence the development trajectories of developing countries. The Chinese train of development took off decades ago but now other countries can join it by participating in China's latest initiatives. China's domestic economic reform efforts, its desire to have a higher return on accumulated reserves, and the necessity it faces to export excess production capacity, have contributed to these initiatives. Moreover, in contrast to the policy prescription, policy change, and policy reform oriented activities of the World Bank and the IMF, China, identifying itself as a developing country, offers mutual development and cooperation to other developing countries without any policy change request or policy conditionality. However, efforts to promote free trade and liberalisation of inward FDI make the emerging BC resemble WC and PWC practices, which would not be helpful in developing countries' industrialisation efforts. Moreover, an economic slowdown in China and economic transformation reforms are negatively influencing commodity exporter developing countries, which are over-dependent on China. This creates a dilemma for them: they seek to join recent Chinese initiatives but China's economic development trajectory is negatively influencing them. Chinese initiatives are in their early stages of establishment however their early analysis provides a good indication of the role China wishes to play in the international political economy in the years to come. China's success in these efforts will depend on its progress in domestic economic reform efforts, the sustainability of its economic development, its appeal to other countries in development projects, and whether these initiatives will result in "mutual development". The founding members list of the AIIB illustrates that there is a demand to get on board China's development train not just from developing countries but also developed economies, including Germany, France and the UK. This is an early sign that China will be able to find partners in its latest initiatives. Therefore, the emerging features of the BC, the functioning of Chinese initiatives and their political economy implications for developing countries, along with China's changing role in the international political economy and changing global development dynamics will all be major avenues of research in the years to come.

In contrast to the policy prescription, policy change, and policy reform oriented activities of the World Bank and the IMF, China, identifying itself as a developing country, offers mutual development and cooperation to other developing countries without any policy change request or policy conditionality.

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