

FOREWORD

Changing Chinese Political Economy and Strategic Relations: An Update

This special volume, “Changing China”, represents the inaugural issue of the *Contemporary Chinese Political Economy and Strategic Relations: An International Journal* (CCPS) – a triannual academic journal focusing on the Chinese polity, economy and society, and the interrelationship between sociopolitical and socioeconomic factors that influence political, economic and social outcomes in contemporary Mainland China and Taiwan, as well as Hong Kong and Macau, and their politico-economic, strategic relations with other regions and countries. Contemporary political economy or political economics is an interdisciplinary field of social science that studies the interrelationship between political and economic processes, taking political science and economics as a unified subject, and this represents the central approach of the journal that is clearly reflected in the four articles carefully selected for publication in this special inaugural issue in the context of China’s domestic front as well as her external strategic relations.

The first article in this inaugural issue, “Beijing replaces Washington’s dominant position in Latin America: Meet the new boss. Same as the old boss?”, by Uziel Nogueira addresses the opportunities and challenges presented by China’s increasing presence in Latin America – primarily, whether the Asian giant will foster or constrain MERCOSUR’s industrial economic development. China’s rise as a major global trade player, according to Nogueira, is creating winners and losers in Latin America and the Caribbean, thus the perception of threat

or opportunity. On the winning side, he notes, are the economies of MERCOSUR, comprised of Argentina, Brazil, Paraguay, Uruguay and Venezuela (full members of the custom union) and Bolivia, Chile, Colombia, Ecuador and Peru (associated members) with strong natural resource-based exporting sector of agricultural products, minerals and petroleum. On the losing side are Mexico, Central America and the Caribbean countries whose exporting manufacturing economies are highly integrated into North America's industrial production chain. After all, observes Nogueira, if Latin America could not develop a highly competitive manufacturing-exporting base during the Twentieth Century, how can it accomplish such goal in this new century, given the presence of China and India?

The next article, "Sino-Pakistan relations and the challenges of post-Cold War era", by Mutahir Ahmed, analyses under the overall Pakistan-China relations the challenges faced by both China and Pakistan in the post-Cold War era, and on the side of China, her ethnoregional instabilities in the context of the Chinese central State nationalism linked to regime legitimization and the peripheral nationalism in Xinjiang. This is in turn connected to the post-Afghan War regional rise of religious fundamentalism and radicalism and ethnic economic disparity which have led to ethnic riots in Xinjiang in recent years including among others the most deadly disturbance on 5th July 2009. Indeed, the recognition of the source of tension in the South, Central and West Asian regions as one of the factors for China's ethnoregional instabilities has led to her initiating the idea of Shanghai Five in 1996 which was later on transformed into the Shanghai Cooperation Organisation (SCO). To sustain economic growth within, China depends heavily upon a stable security and peaceful environment in her neighbourhood which is constantly under threat from the Indo-Pakistan tension in South Asia, the presence of the United States in Central Asia and violent religious extremism in the Southwest Asian region which directly affects the stability of Xinjiang. In the light of the threat of a "New Great Game" stemming from the presence of the US in Afghanistan and reactions from the South, Central and West Asian regions in the forms of ethnonationalism and violent religious extremism, it is interesting to

observe the role of these regional and extra-regional powers¹ in affecting China's economic, political and security interests, and China's responses to these threats. Meanwhile, these extra-regional powers that are directly involved in the region have also aggravated the conflict between India and Pakistan, and to deny India a free hand in the South Asian region, as Mutahir observes, Pakistan has a special place in Chinese foreign policy – hence the South Asian strategic triangle where “there is a prolonged confrontation that involves military preparations and military fights, ideological and status disputes and diplomatic controversies” as defined by Ashok Kapur “in the case of relationships between China, India and Pakistan” (Kapur, 2011: 52).

On China's fast-transforming rural sector, John Donaldson and Forrest Zhang in their article, “Rural China in transition: Changes and transformations in China's agriculture and rural sector”, introduce a fivefold typology of agribusiness-farmer relations to analyse the growth of agribusiness and the role it has played in the rise of agrarian capitalism in China and the resultant changes to the rural society. Looking at the various forms in which agribusiness companies are transacting with individual agricultural producers, Donaldson and Zhang contend that China's unique system of land rights has played an important role in shaping agribusiness-farmer interactions and served to provide the individual agricultural producers a source of income and political bargaining power and protected them from being dispossessed of their land by corporate actors.

To conclude this inaugural issue, Im-Soo Yoo in his article that brings together China's domestic political economy and her international strategic relations, “China's transformation policies for 2015 and beyond: *Quo vadis?*”, reflects upon China's over three decades of economic reform and now, a few years into the Xi Jinping presidency, ruminates on the coming decades down the road in the country's continued growth and transformation. China's economic miracle has prompted Joshua Cooper Ramo to introduce into the mainstream political lexicon in 2004 the concept of “Beijing Consensus” (Ramo, 2004) as an alternative economic development model in view of the perceived failure of the well-known “Washington Consensus” codified

in Williamson (1990), a failure particularly attributed to over-adherence to “market fundamentalism”². From the perspective of the ruling Communist Party of China (CPC/CCP), “Beijing Consensus” has clearly not only vindicated the three decades of economic reform policy, but also the caution against parallel reform in the political system as well as the final decision taken in June 1989 in the face of the pro-democracy demonstrations in Tiananmen Square, as typified, for instance, by a Chinese scholar’s opinion of the four cornerstones of the “Beijing Consensus”: 1) Contrary to “neo-liberalism” and the “Washington Consensus”, in China there exist a powerful political party and a powerful government led by the said party constituting a crucial political prerequisite for the success of the country’s “reform and open” policy; 2) Inductive, not coercive, institutional change and “gradualist”, not “radical”, reform; 3) “Rationally advancing (radical)” in economic reform and “rationally holding back (conservative)” in political reform; and 4) Unswervingly persisting in the market economic reform direction, yet maintaining sharp vigilance against market fundamentalism by means of firmly upholding the reform target of “socialist market economic system” (Zou, 2006: 411-412). This year, 2015, marks the 66th anniversary of the founding of the People’s Republic of China which in 1949 marked the birth of the first major Marxist-Leninist country in Asia, preceded only by the establishment of the Mongolian People’s Republic in 1924. It is a time to reflect, Yoo observes, upon the apparent contradictions inherent in this unique “China model” (Zou’s cornerstones of the “Beijing Consensus”) of combining pragmatic open-market economy with one-party political centralism, and as he proceeds to caution, to seriously appraise the sustainability of this model and the possible pitfalls along the way, which cast aspersions upon the present “China miracle” – whether it would be a lasting leading light in the world arena, or just a transient bright spark of the moment. Such pitfalls do not only stem from the unusual combination of open-market economy and political authoritarianism, but also from the instabilities engendered by the State’s nationality policy and the growth of peripheral ethnonationalism, as exemplified by the troubles in country’s western frontier regions of Xinjiang and Tibet in recent years.

As the first issue of the journal, this volume thus brings together research outputs on the various main areas of political economy and strategic relations encompassing the many challenges stemming from the emergence of China as a global and regional economic power and an increasingly important political player in the contemporary globalizing world.

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Notes

1. Regarding the role of the regional and extra-regional powers, an early example is the formation of the Six plus Two (China, Iran, Pakistan, Tajikistan, Turkmenistan and Uzbekistan, along with Russia and the US) in 1998 to contain the Taliban regime, though the group was soon locked in internal power politics linked to the member states' different priorities and interests (Mutahir, 2007: 193; Mutahir, 2001: 69).
2. Critique from, among others, Nobel Laureate Joseph E. Stiglitz (see Williamson, 1999).

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Articles

