

New Donors, Old Rules

Capitalism with Chinese characteristics May be the most exciting phenomenon—ever. Not just because it is obviously so Asian. Not just because it defies classical thumb rules. Not just because it is developing at ferocious pace. More than anything else China forces the advocates of Western tradition in global power-game to think and rethink. Also, it is marching ahead under the baton of Chinese Communist party. It's not really the case with India and yet corporate India, of late, gains wide respectability in the field of decision-making in global market mechanism because the concerned persons in the exclusive club of the rich think India with high growth rate, only next to China, is an emerging economic power that can be counted. It may be paradoxical that the so-called fastest growing economy in the world, after China, ranks a measly 134 among 182 countries on the Human Development Index (HDI) of the United Nations Development Programme (UNDP). Asia's third largest economy has failed to provide better quality of life for its citizens as it has been steadily slipping in the previous index published for 2007-2008 together at 128 while position for the year before was at 126. Maybe this is the price the poor have to pay to make India an economic power as the UNDP index takes into account a host of parameters including poverty levels, literacy and gender related issues to measure the quality of life. Then US, the sole super-power, is ranked 13 while Britain and Germany are further down at 21 and 22. Interestingly, among the countries in the neighbourhood China, Sri Lanka and Bhutan rank higher than India at 92, 102 and 132 respectively while Pakistan—the much publicised failed state at 141, Nepal, otherwise plagued by a prolonged bloody civil war, at 144 and Bangladesh at 146 rank lower. But the crisis managers of India may derive comfort from the fact that 36.2 million Americans live in households facing hunger. They would worry all the time to see their children going to bed with food in their bellies. But hunger at the bottom doesn't affect the mobility at the top. So all are eloquent about the new emerging players—India and China, albeit China has an edge on almost every front.

No doubt both India and China have added new dimensions to the established structures in the world economy, threatening the age-old status quo-ism and hegemonism of a few old guards. Foreign 'aid' is one area that is being reviewed and reviewed by Western market managers all the time for more than one reason. They look really desperate to assimilate India and China into their fold and force them to follow the same rules.

Whether they like it or not, India and China, particularly the latter, and other emerging economies with low and middle income levels are having increased influence in global affairs related to third world and are acting as new 'donors' in the less de-veloped countries, mainly in Africa. Old 'donors'—America, European Union and Japan to be precise—are doubly worried that their rules of the game are losing significance and the eternal debtors have second options.

That China is becoming the largest creditor worldwide threatening the existing pattern of foreign 'aid' is a fact of life. And Africa seems to be the bone of contention and battle ground as well. China usually composes packages that

include project proposals, planning, financing, workforce and skills training. In most cases China's Export-Import Bank, in a truly capitalist style, provides funds. There is nothing socialist in it. It's business—pure and simple. In 2006, China reportedly provided Africa with \$19 billion as per IMF estimates. Countries receiving Chinese loan or 'aid' generally grant Chinese companies the right to exploit natural resources or production licences. All too familiar practice indeed! Chinese proposals are still very cheap in comparison with western ones but they may not remain so in the long run.

As western 'aid' has vigorous con-ditionalities third world 'donors' are becoming attractive to Africa. Along with 'aid' new 'donors' China and others-are also doling out liberal credit to poor countries, which could lead African countries to once again shouldering too much debt. But America and its western allies are trying hard to accommodate new 'donors' in their very exclusive league with a clear-cut policy. Despite their 'independent" stance India and China are already on different international bodies as observers, that have established standard and time-tested practices. They may be new 'donors' but they will have to follow the same rules if they want to survive in the market. If anything China, not to speak of India, is slowly but steadily falling in line, learning the art of how to become global player. □□□