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Idea, Philosophy and Policy of China's Development Cooperation

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Abstract

China has been adjusting its policy on development cooperation over the past half century. From China's aid Eight Principle in 1964 and Four Principle aid policy in 1982 to newly aid and development policy in 2011, the paper concludes that the core concept of China's development cooperation policy could be described as equality, mutual benefit and shared development are the basic guideline while innovation is the driving force for China's development policy. The essence of the policy properly interpreted Chinese traditional philosophy: harmony, perspective of righteous and benefit, and the importance of learning. In reality, it is crucial and significant for developing China to adhere the basic line of equality, mutual benefit, and shared development when distributing foreign aid. With outstanding performance in development cooperation, China could receive more acceptance and recognition for its development philosophy and policy in international development community.

Key Words: Foreign aid, Development cooperation, China Foreign policy.

1. Introduction: China is an emerging donor in international development community, not only because the amount of China's foreign aid is rapidly increasing, but also the way of giving aid is different from traditional western donors. Based on Five Principles of Peaceful Coexistence, China formulates its policy of development cooperation that full of Chinese characteristics and establishes a foreign aid system that is totally diverse from Westerns. Because of the discrepancy, the discussion on China's foreign aid policy drew great attention in western society since the first foreign aid Eight Principle was proposed in 1964. By examined China's foreign aid to communist countries, non-communist countries, Eastern Europe and African region, Frank Cooper argued that Peking took foreign aid as an effective foreign instrument to enhance the influence in Communist block and even none Communist community (John Franklin Copper, 1976).

With the retrenchment of the aid budget from western countries and the expanding of the scale of development cooperation overseas from China, the discussion on China's policy of development cooperation becomes the arguable issue again in nowadays. Caro Lancaster argued, "China's goal of foreign aid is no longer to export communism, but to build a strong

network of alliances around the globe, comprising both the developed Westerns and the developing world. Foreign aid plays a crucial part in this process” (Caro Lancaster, 2007). A latest new book (three volumes) published by John Franklin Copper, not only overview the history and practice of China's foreign aid and investment in Asia but also the nature, scope, goal and the worldview of China's foreign aid and investment diplomacy (John Franklin Copper, 2015).

In 2011, China's first foreign aid white paper was released and it updated China's aid policy into **3.0** (Eight Principle in 1964 was China's foreign aid policy 1.0; Four Principle in 1982 was China's foreign aid policy 2.0). This paper will attempts to capture the core concept of development cooperation policy based on the variation from aid policy 1.0 to 3.0 and make further analysis on how China's development cooperation policy is formulated in terms of traditional Chinese philosophy and the contemporary situation in China. This paper also aims to provide a cultural connotation and perspective to understanding China's policy on development cooperation.

2. The Policy of China's development cooperation: China started to give foreign aid in the early of 1950s, but did not elaborate its foreign aid policy explicitly and systematically until 1964 when Premier Zhou Enlai made friendly visiting in Africa. The “rule” of China's foreign aid, which is known as the Eight Principles for Economic Aid and Technical Cooperation are an essential element and guideline of China's foreign aid policy, even in today (China's foreign aid policy **1.0**, see appendix 1). In brief, the core contents of the Eight Principles are equality, mutual benefit and no strings attached.

Based on the Eight Principles, China enlarged aid scale to non-socialist developing countries in Africa and Asia, provided maximum assistance it could afford to establish solid brotherhood relations with other developing countries. The most landmark project, Tanzania-Zambia Railway was constructed during this period. China did receive the reward for its utmost efforts in giving foreign aid. In October 1971, with the support of other developing countries, China resumed its legal seat in the United Nation.

After the reform and opening up in 1978, not only did China shift the countries internal focus from interclass struggle to economic development, but also formed a solid basis for adjusting existing diplomatic policy. In 1984, Chairman Zhao Ziyang proposed Four Principle of China's foreign aid (See appendix 1) and economic cooperation when visiting Egypt, Algeria, and other 11 African countries (China's foreign aid policy **2.0**). Compare to Eight Principles in 1964, Zhao's Four Principles firstly focused more on economic mutual benefit rather than political interests through economic cooperation based on equality. Then, the Four Principles emphasized on the bi-direction, reciprocity and mutual development of foreign aid instead of attaching the donors' interests important most. Finally, it mentioned that China should give foreign aid according its abilities and diversified its aid from grant to loan and technical cooperation. The newer foreign aid policy was also noticed by the international community.

With the establishing of China Exim Bank in 1995, china diversified the sources and

methods of foreign aid funding via provide medium-and long-term low-interest loans to other developing countries. The amount of China's foreign aid has increased sharply since 2004 with the rate of increase of 24% until 2011 (Naohiro Kitano and Yukinori Harada, 2014). Apart from bilateral channels, China also involved and initiated multilateral development cooperation, announcing a series of well-targeted foreign aid policy at regional and global stages, such as China-Africa Cooperation, One Belt One Road Strategy, Shanghai Cooperation Organization, Lancang-Mekong Cooperation Mechanism, UN High Level Meeting on Financing for Development and launched of UN Development Assistance Framework.

In 2011, China explicitly declared its foreign policy in "foreign aid white paper" in the new century firstly. Based on constantly enriching and improving the Eight Principles, China elaborated today's foreign aid policy (See appendix 1) as: 1) Unremittingly helping recipient countries build up their self-development capacity. 2) Imposing no political conditions. 3) Adhering to equality, mutual benefit and common development. 4) Remaining realistic while striving for the best. 5) Keeping pace with the times and paying attention to reform and innovation (China foreign aid white paper, 2011).

Comparing to the former two principle of China's foreign aid, China's aid policy in the new century is general but pragmatic, which clearly transmit three core meanings: equality, mutual benefit and common development. It also proposes China's aid should remain realistic while striving for the best and ensures reformation and innovation better drives and energizes development.

During the 5th plenary session of the 18th Communist Party of China, Chairman Xi delivered a new development concept of innovation, coordinated, green, open, and shared development as a solution to China's journey to achieving "a moderately prosperous society by 2020" (Communiqué of the Fifth Plenary Session of the 18th CPC Central Committee, 2015). Xi initially addressed the new development concept at a global stage during the G20 Summit Meeting in November 2015 in Antalya, Turkey. More specifically, Innovation, invigoration, interconnection and inclusiveness are interpreted for China's new development concept in World Economy and are designed in light of the development needs of all countries.

China's foreign aid policy, now better to describe as development policy is becoming increasingly clear: equality, mutual benefit and shared development are the basic guideline while innovation is the driving force for China's development strategy nowadays. The following section will further analysis how the development policy formulate in term of traditional Chinese philosophy and contemporarily national situation.

3. Traditional Philosophy and development policy: Just as an American scholar John. P. Lovell said, "We all grow up in the culture atmosphere, and are bred in the fundamental value, the custom and believe. Those who master the political power in a society are easiest to be influenced by the social culture, whose behaviors and attitude have numerous cultural origins. Besides, in each national country, the govern and the setting of foreign policy are

both under a culture” (John P. Lovell, 1990. Culture not only provides people with ways of thinking, seeing and interpreting the world, but also influences the making of foreign policy. The basic principle of Chinese development policy could be a best reflection of its traditional culture.

Harmony is the main traditional Chinese philosophy belief in the content of development cooperation with other developing countries. It is the value of performing the rites, the reflection of nature, and the basic forms of human relations and social norms (Lun Yu). China preaches on building peaceful and friendly relations with other communities and the supreme goal of the government is to achieve a universal world of peace and harmony by good governance (C. Hsu, 1991). Development cooperation is an act of governance with goal of achieving global harmony according to common development between China and other developing countries based on friend-friend relationship.

Although Chinese philosophy of harmony means peace, combination and coordination, it also highlights the concept of ‘harmony without uniformity’, meaning a world is full of differences and contradictions, but the righteous man should balance them and achieve harmony. The philosophy of harmony spirit can be found in every corner among Eight Principles in 1964, Four Principles in 1982 and Aid policy in 2011. No matter providing foreign aid during cold war or launching development cooperation in new century, China upholds equity, mutual respect and imposing no political conditions as its core concept and guidelines.

Righteous (moral) and Benefit is another pertinent aspect of traditional Chinese philosophy that related to development policy. Confucian gives more priority to righteous and considers people should pursue the goal of righteous instead of benefit. “The gentleman understands righteousness, the pretty man understands profit” (Lun Yu, verse 16). Mencius also says, “I like life, and I also like righteousness. If I cannot keep the two together, I will let life go, and choose righteousness” (Mengzi Gaozi, Verse 10). This traditional philosophy of emphasizing righteous influences the formulating of China’s foreign policy and of course, the way Chinese foreign aid is practiced.

When China began to deliver aid to other developing countries, it was also poor and struggled with economic development. China regarded providing aid to other socialist countries as the way to show friendship and generosity and always describes the relations with other developing countries as brotherhood.

However, China’s attitude towards righteous and benefit is changing. It seeks to achieve mutual benefit and win-win results rather than shows selflessness and generosity when giving aid to other developing countries. In China’s foreign aid white paper 2011, it was pointed out directly that China should remain realistic while striving for the best when giving aid. Hence, it is hard to see another of Tanzania-Zambia Railway, a symbolized of Sino-Africa friendship to be built with the current climate.

There is an old saying in China, **“Give a man fish and you feed him for a day. Teach**

him how to fish and you feed him for a lifetime”, which stress on the importance of learning. Chinese ancient philosophy emphasizes knowledge is the best charity as well. Through sharing knowledge and helping recipient countries build up their self-development capacity, a country could embark on the road of self-reliance and independent development.

Since learning is an action initiated by the learners themselves (certainly not imposed by teachers), China suggests to use a model of “joint learning” in development (Justin Yifu Lin, Yan Wang, 2015). On one hand, China respects recipient countries’ right to independently select their own path and model of development and helps them to foster local personnel and technical forces, build infrastructure, so as to lay a foundation for future development. On the other hand, China also emphasizes that both development partners are learners on equal footing, but with different speed of learner. Thus learners can choose different partners or teammates according to their respective comparative advantages, instruments of interaction, and degree of complementarity (Justin Yifu Lin, Yan Wang, 2015).

When interviewing Chinese overseas labors, they always talk about “Mentoring”, which means pairing experienced, successful teachers with new recruits (Chuan, Bang, Dai). It is the typical example of China’s way of “Give a man fish” as in Chinese traditional philosophy, sharing knowledge is the best way to sharing development.

The approach of analyzing traditional culture provides more possibilities for understanding Chinese development policy. However, it is still difficult to extrapolate the whole picture of how does China’s development cooperation policy formulate, since national condition is another critical influence behind the formulation of development policy. The following section will look deeper into this issue.

4. Contemporarily national condition: China describes itself as the biggest **developing country** in the world at the beginning of the first foreign aid white paper in 2011. Although China becomes the second world economy with an annual GDP growth around 7%, its per capital GDP falls further behind, ranking 84 in 2015 and there are 7% of poor people living in China with the criterion of less than US \$1.9 per day according to the statistic standard from World Bank. Therefore, China sees development cooperation as an opportunity instead of charity, and the virtue of mutual benefit and foregrounding of reciprocity rather than the virtue of suspended obligation and the sympathy for difference (Emma Mawdsley, 2011). The discourse of development is framed by claims of mutual benefit and common development in China.

Moreover, adhering to mutual benefit and common development could avoid quite a lot of domestic criticism of the government: China still has a lot of poverty inside so why does China provide aid to other countries some of whom are richer than China itself? Massive criticism would appear from social media and so-called intellectuals when China released the amount and details of foreign aid it gave to others. Development cooperation has been labeled as sensitive issue for a long time and the amount of aid donation was a secret for Chinese government. Thus, pursuing mutual benefit could be a proper propaganda

to explain why the government launches development cooperation with other developing countries and alleviates domestic criticism and opposition.

Having kept rapid and sustaining growth for three decades, China is translating itself into a proportionate increase in **innovation** performance. In 2006, Chinese government proposed the "Outline of Medium and Long-term Plan for National Science and Technology Development", with an ambitious goal to become an innovative country by 2020 (Chinese government Website, 2006). Last year in Antalya, Turkey, Chairman Xi laid out the theme of "Toward an Innovative, Invigorated, Interconnected and Inclusive World Economy" (G20 Summit Meeting Website, 2015). And innovative refers to innovation-driven development, including innovation in science and technology, as well as innovation in developing concepts, systems and institutions, business models and structural reform, which help find new sources of growth for the world economy.

In practice, due to demand from developing countries in Asia and Africa and China's financial contribution, new types of South to South Development Cooperation have been added in the recent years, including for example, Other Official Flows, Resource for Infrastructure packages, Equity Investment and infrastructure investment by China's Development Bank and other Commercial banks (Justin Yifu Lin and Yan Wang, 2015). In 2013, China launched the Asian Infrastructure Investment Bank and the Bank's first Annual Meeting was held in Beijing on June 25, 2016. During the Meeting, President Jin Liqun reported that the Bank's first 4 loans were approved for power, transport and urban investments in Bangladesh, Indonesia (Co-financing with World Bank), Pakistan (Co-financing with Asian Development Bank) and Tajikistan (Co-financing with the European Bank for Reconstruction and Development) totaling US\$ 509 million (Website of AIIB, 2016).

China attaches great importance to innovation to create and seize new opportunities to enhance the potential for medium-to-long term growth in the domestic and world economy. The G20 Summit Meeting that is going to hold in Hangzhou, China would be an appropriate venue to demonstrate the spirit of innovation.

The China's foreign policy always has an **international responsibility** dimension, although with variety content over the past sixty years. Development cooperation could be an appropriate interpretation to China's international responsibility. In the early date of China's foreign aid giving, international responsibility was highly ideologically driven, and China strongly took foreign aid as a diplomatic instrument to enhance communist influence in Asian through supporting revolutionary movements with fairly large part of its resources. After the reform and opening policy, China adjusted its policy of development cooperation to an orientation of pragmatism in term of financial, material and human resources. China's international responsibility focused on cultivating cooperative relations with other developing countries and calling for the building of a new international political and economic order at that time.

With the outstanding economic performance in recent two decades, China stared to

embrace the concept of being a “responsible state” in a more realistic and global level. The discourse of International Responsibilities was interpreted into global development in term of development cooperation. In 2006 along, China hosted three major multilateral summit diplomacy events, Shanghai Summit of the Shanghai Cooperation Organization, the ASEAN-China Summit Meeting and the Forum on China-Africa Cooperation. Since 2013, China even showed more strong muscels in multilateral cooperation stages: it proposed One Belt One Road initiative and Asian Infrastructure Investment Bank successively and established regional cooperation mechanisms such as India, China, Bangladesh, and Myanmar Economic Corridor and Lancang-Mekong cooperation. Through actively involving in multilateral cooperation mechanisms, China could provide more valuable public goods for international society and in turn, China's development philosophy and policy will also receive more acceptance and recognition in international development community.

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Appendix-1. Comparison China's foreign Eight Principles in 1964, four principles in 1982, and aid policy in 2011

China's foreign aid 1.0 Eight Principles in 1964	China's foreign aid 2.0 Eight Principles in 1964	China's foreign aid 3.0 Foreign aid policy in 2011.
Equality	Equality	Equality
Mutual benefit	Mutual benefit	Mutual benefit
		Common development
Non-interference in internal affairs and respect for state sovereignty of the recipient countries	Respect sovereignty, does not interfere in their internal affairs, attaches no political conditions	Impose no political conditions
Forster self-reliance of the recipient country	Enhancement of the self-reliant capabilities	Unremittingly helping recipient countries build up their self-development capacity
Minimum investment quick returns	Achieve good results with less investment, shorter construction cycles and quicker returns	
Chinese aid workers enjoy same living conditions as their local peers, no special demands	The experts and technical personnel do not ask for special treatment	
Development projects are carried out with Chinese quality equipment		

Technological assistance and professional training of local worker is provided	Offering technical services, training technical and management personnel, engaging in scientific and technological exchanges, undertaking construction projects	Foster local personnel and technical forces, build infrastructure, and develop and use domestic resources
	With regard to the projects it undertakes, Chinese side will see to it that the signed contracts are observed, guaranteed the quality of work	
	Unity and friendship	
	Respective national economies by complementing and helping each other	
	Give strong points and potentials of both sides on the basis of their actual needs and possibilities	
		Remaining realistic while striving for the best
		Keeping pace with the times and paying attention to reform and innovation