**China debt relief diplomacy and shared prosperity**

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To understand the term “debt relief diplomacy” we first need to understand the ontology of Chinese international relation and its comparison with Western ontology. Zhao Tingyang, 2006 defined the major difference as Chinese ontology is “ontology of relation” while the Western is “ontology of things”.  According to him Chinese model strive for transformation of relation, enemy to friend or friendship to brotherhood. The notion of relation suggest that relationship is determined by shared interests and benefit instead of self-interest. Thus, China’s international relation policy is guided by the principles of “order, harmony, respect, ethics and fraternity”, as, defined by Confucius.

Whereas, Western philosophy of international relation revolves around the concept of “self-interest”. It gave birth to famous quote in international relation, “there is no permanent friends or enemies, only interests are permanent” John Henry Temple. It negates the concept of relation, as strategic focus is self-interest. West applied this concept to develop bilateral relation and erect the multilateral institutes. The decisive victory in World War-II provided the ample space and time to practice this philosophy. They created a good number of financial and political institutions including Bretton wood institutes e.g. IMF, World Bank etc.  and United Nations.

The international organizations were erected at the name of humanity, but the decision-making process and mechanisms were drawn in a such way that all ways were leading to serve the interest of powerful, which was West. The interest of Western countries was to achieve two specific goals, 1) promote liberal democracy and 2) promote capitalism as ultimate solution to world economy. The capitalism was promoted as West had no competition. All institutions actively persuaded the agenda and used all means of influence (military, economy, loans etc.) according to the needs of the circumstances. Financial institutions lend money with the tag of development and countries were encouraged to use the facilities. First, right after the World War-II infrastructure was focus. Least developed and developing countries were encouraged to invest in infrastructure and engage the Western companies to lead the infrastructure development. The principle of productive infrastructure was not followed in true spirit, which resulted in debt crises in many countries, which led to second phase.

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The second phase started with a shift of focus and mantra of reforms took the driving seat. Countries were persuaded to implement the Washington Consensus and structural adjustment programs. It led to a web of reforms and adjustments, which required more loans. It culminated into debt trap or policy trap for many countries, as reform-based loans were non-productive in nature.

Simultaneously, West started to weaponize the economy by tagging it to power determinant in international relation. The development or prosperity of people was taken out or became second priority and economy as firearm of power took the driving seat. It brought a gigantic shift in global development and power agenda. The diplomacy was tasked to re-adjust focus and play leading role to secure the economic interest, which resulted in the introduction the modern concept of economic diplomacy. The economic instruments were weaponized, and debt was identified as major tool to trap the countries. The global institutions, which are controlled by West are leading the implementation.

In these circumstances, China presented an alternative to world, the win-win cooperation. China launched comprehensive investment policies and programs to help the countries to come out of debt trap, which can be called debt relief diplomacy. The roots of debt relief diplomacy can be traced from the launch of Go Global policy. Since, the adaptation of Go Global policy China started to play a formidable role for people-oriented diplomacy with the objective of shared prosperity. It follows the vision of Chairman Mao of Three World, where he urged China to protect the third world from the exploitation of first world.  President Hu Jintao accelerated the efforts and stressed the need of a harmonious world based on the principle of equality and fair play.

President Xi Jinping gave a new impetus to China’s efforts. President Xi introduced the concept of community with shared future and prosperity for everyone without any discrimination. He did not wait for the world and made it responsibility of China to play its role. He launched Belt and Road Initiative to share the Chinese prosperity with world. BRI has its root in the teachings of wise elders of China Confucius, Tao and Sun Zu, practitioners like Yellow Emperor, Chairman Mao, and lessons from the evolution of Chinese Civilization. BRI has been designed by applying principles of win-win cooperation and community with shared future. As, the guiding principle of all investments is that it must be “productive investments” and non-productive investments or loans must be avoided. Thus, the loans and investments under BRI will help to break the web of debt trap by generating revenues, and lead to prosperity at larger scale.

World Bank studies in 2019 validated this notion by analyzing the potential benefits of BRI, which would be enormous and multidimensional. The studies highlighted that the benefits will be for everyone, either they are member of BRI or not.  The studies summaries the benefits as ; 1) travel time will be reduced by 12% in BRI and 3 % in Non-BRI countries, 2) trade will increase by 2.7-9.7%, in BRI and 1.7-6.2%, non-BRI countries, 3) real income will be enhanced by 1.2-3.4% and 0.7-2.9%, in BRI and Non-BRI economies, respectively. It has also been calculated that one percent increase in global GDP due to BRI will add US$ 930 billion in the prices of base year of 2014.

BRI will also help to bringdown poverty. It is estimated that 7.6 million extreme poor (US$1.90 per day) and 32 million moderately poor (US$3.20 per day) will break the poverty trap. It is pertinent to mention here that these projections were made on the infrastructure investments during the first five years. If we include the all the future investments, especially in the fields of industry and agriculture, the impact would be huge. It will definitely help world, especially the least developed countries to pursue the dream of development.

Hence, we can deduce that these all investments are enhancing the production capacity and economic size of participating countries. So, China is providing them debt to break the shackles of debt trap, which has been imposed on them by global financial institutes. In this way we infer that China is implementing “debt relief diplomacy” to create a community of shared future and prosperity.

In conclusion, there must be no confusion that China is doing it as charity, no not at all. China is also striving hard to secure its interest but on the basis of win-win cooperation, which is guided by the concept of relationship.

Nonetheless, the question would be, how long China will follow this policy? Will China continue to follow it after 2035? or will China commit the Western mistakes? and start to follow the self-interest-based policy.

However, there is hope that China will not commit the mistake of West, as President Xi is putting all efforts to infuse the same spirit in young generations. He has launched a comprehensive campaign to encourage youth to understand Chinese Civilization and ideology of socialism with Chinese characteristics. The objective is to create a generation which can carry the flag of China by adhering to the values and standards of Chinese Civilization.

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