

The Developmental Politics of GDP and its Social Implications: BRIC and China

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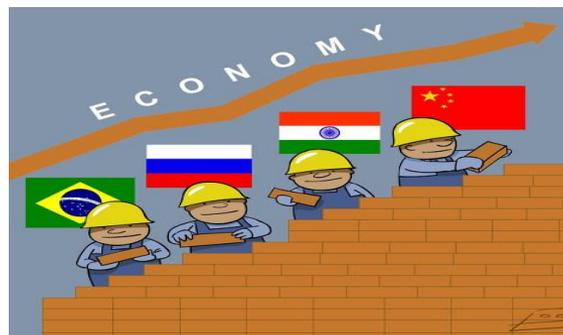


Outline

- 1. BRIC and China**
- 2. Developmental Politics of GDP and Competitiveness**
- 3. Ricardian Workfare and Pro-Competition Welfare**
- 4. Asset-Based Welfare and Home Ownership**
- 5. Land, Property Bubbles, Social Unrest and Social Management**
- 6. Conclusion**

1. BRIC and China

- BRIC is an economic imaginary ('hope' object) constructed by international bank and other organizations especially since the 2007 financial crisis
- China is often seen as the 'big BRIC' and '*in a class of its own*' (Jager 2008)
- Their strengths are constructed in 3 stages



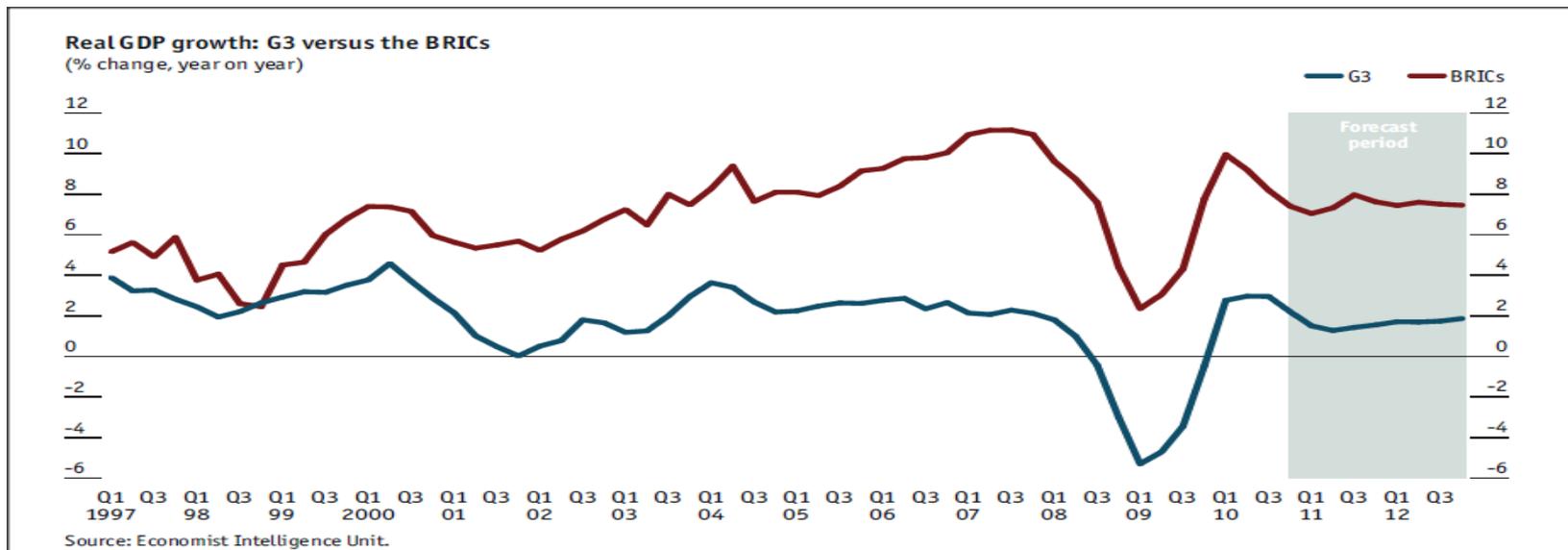
- **Three overlapping stages in constructing ‘hope’/’strength’:**
 - **2001-2011 - investor story**
 - **Constructed by Goldman Sachs (international investment bank) as new sites of investment with high GDP growth rates**
 - **2004-2011 - investor-consumer story**
 - **Resonated by economic strategists and business press as markets with consumption power**

- **2008-2011 - investor-consumer-lender story**
 - **BRIC Summits – BRIC as lenders to the IMF bond programme**
 - **Part of the ‘Multipolar world order’ with strong growth rates**



2. Developmental Politics of GDP

- BRIC's strengths (as investment sites, consumers and lenders) are mainly attributed to their exceptional GDP growth rates (compared with G3 – US, Germany, Japan)



- **In China, GDP is not only a growth rate, it is a policy target that was set at 8% (changed to 7.5% in 2011)**
- **It is also a policy redine and even an ideology (GDPism)**
- **GDPism**
 - **Prioritizing growth, foreign direct investment, exports and competitiveness**
 - **The lowering costs of production and catch-up with innovation (some Schumpeterian workfare aspects)**

- **Ricardian workfare**

- **Factor-driven form of competitiveness**
- **Low-cost labour and producing for the world market ('factory of the world')**
- **and some Schumpeterian workfare aspects (state-support innovation and catch-up competitiveness – solar panel, electric car)**

- **Social implications**

- **Pro-competition welfare**
- **Asset-based welfare**

3. Ricardian Workfare and Pro-Competition Welfare

- **Ricardian workfare and the low-cost labour (e.g., migrant workers)**
 - **Migrant workers have little welfare because welfare is related to place of residence**
- **Welfare restructuring**
 - **From ‘job for life’ and state welfare (‘iron rice bowl’) under Mao to benefit cuts in the areas of social security, housing, public health and education since 1978 (Wong and Flynn, 2001)**

- **Pro-competition governance strategies in welfare that involve a mix of state, market, family and third sector (NGOs)**
- **Welfare provision is privatized and localized**

Social Policies in China since 1990s

Social Policy	Nature
Housing	<ul style="list-style-type: none">• Social housing sold off at a low price• Encourage housing markets (and home ownership – asset-based welfare)
Education	<ul style="list-style-type: none">• 9-year free schooling (increasing charging fees or books and equipment)• Private schools• Universities (introducing tuition fees)
Health Care	<ul style="list-style-type: none">• State provision but with declining funding• Hospitals increasingly dependent on charging fees for tests and selling medicines• Health insurance schemes
Social security and Pensions	<ul style="list-style-type: none">• Basic means-tested income support• Contributory unemployment insurance• Contributory old-age insurance

- **Societal consequences of the changing welfare mix (Buckett 2011)**
 - **Growing family responsibilities for education and elderly**
 - **Looking within and beyond the family: individuals, gendered informal care and social networks**
 - **There is folk-saying about the ‘*three big mountains*’ (high costs of housing, schooling and health care)**

4. Asset-Based Welfare and Home Ownership

- Asset-based welfare occurs when individuals accept more responsibility for their own welfare by investing in financial products and property that are expected to rise in price over time**
- Housing and home/property ownership in China**

- **Promotion of property ownership in China**
 - Home ownership is source of housing, security, speculation, status, family safety net and personal pride
 - *‘Patriotic homestead’* (Aihua Wang 2009)



– ***‘Live Happily Ever After’*** – the culture of marriage/property

- 70 percent of women surveyed ***"require that a man own a house before marriage,"*** and want ***"possibility of adding her name to the property deed"*** (Ministry of Civil Affairs 2012)
- The folk saying of ***‘no house, no car, no bride’*** among women of married age

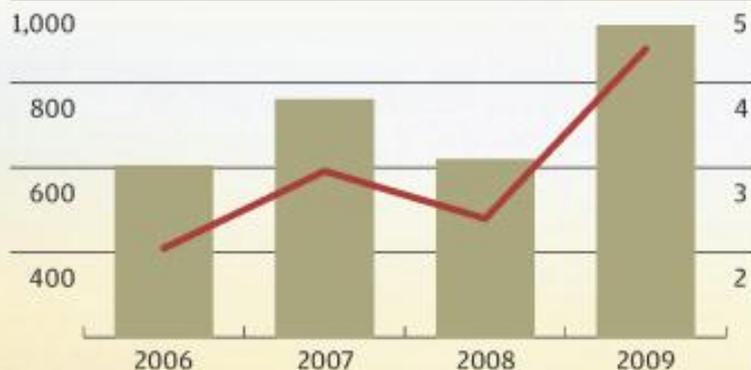


- **Local governments support this because its revenue (and jobs) is dependent on sale of land-use rights and land-based income (taxes, licences)**
- **State-owned banks earn profit from for land and real estate purchase (some 1.2 trillion was lent in 2010)**
- **State-owned property developers and private counterparts**
 - Use state connections to get cheap land
 - High profit, wages and benefits
- **(Potential) Property owners**
 - Real estate as object of ownership, investment, security, speculation and borrowing

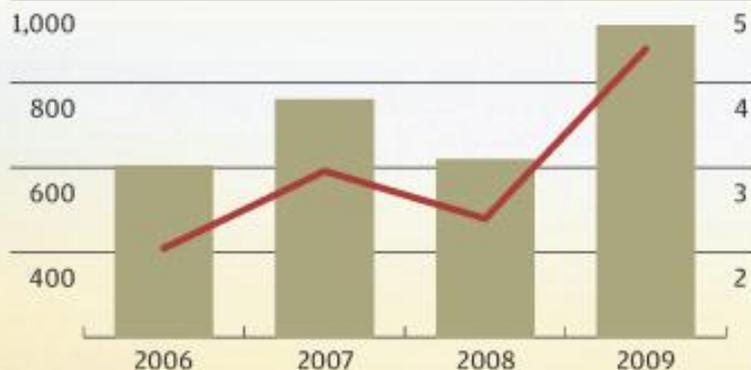
Blowing bubbles

The surge in mainland property sales to a total of 4.4 trillion yuan last year reaffirms developers' warnings of a bubble and comes despite Beijing's attempts to tame soaring prices

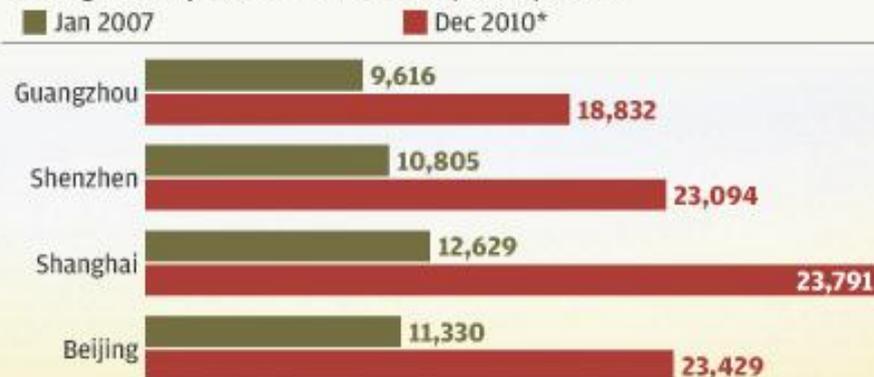
Sales by floor area
(m sq metres)



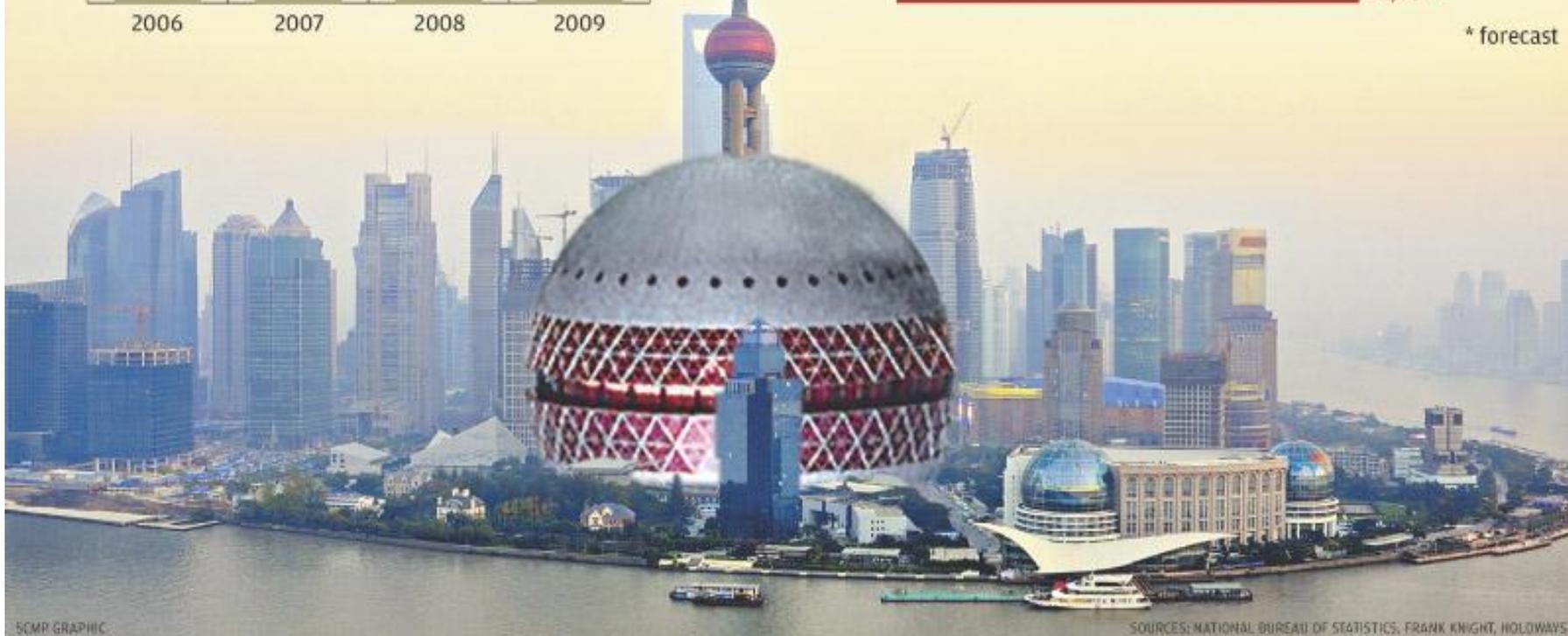
Sales by value
(trillion yuan)



Average home prices in urban areas (yuan/sq metre)



* forecast



5. Land, Property Bubbles, Social Unrest, and Social Management

- Demand for home ownership and land as a source of income for local governments
- Appropriation of land for property development by local authorities (some even use social housing land for private projects)
- Under-compensation, corruption, and inflation – sources of social unrest for the subaltern groups



Issue 1

Affordability of Housing

Depicted by a popular TV series (2009)

‘Dwelling Narrowness’

Middle-class white collar workers as *‘house slaves’*



Issue 2

Land Clearance and Migrant Children

Land clearance at the edge of cities

Closing down unlicensed ‘slum schools’ and displacing migrant children

‘Left-Behind Kids’



Issue 3

Land Clearance, Petitions and ‘Black Jails’

Petition in person to higher-level govt.

- Force to return
- Pick up by ‘security companies’ and put in ‘black jails’ (with some cases of women being raped)



Issue 4

Land Clearance, ‘Blood Map’ and Peasant Riot

A blogger - *‘Blood Map’*

Used Google Map to create ‘Blood Map’ from Oct 9 2010

Marks sites of land conflicts and illegal land grab

Peasant riots (Wukan)



Wukan's Peasant Riot 2011 (Guangdong)

- Peasant riot, attack on village officials and resort to self-rule
- Denounced officials for selling hundreds of hectares of collectively owned farmland to a property developer
- “Embezzling” over 700m yuan of compensation for villagers
- Demanding inquiry into death in custody of village spokesman and return of land
- Participation in local affairs



Social Management

- **Strengthening ‘social management’ to build harmonious/happy society in a scientific way**
 - **Management of society includes guiding and shaping societal mechanisms that help the government to resolve the tensions, conflicts, and dislocations caused by marketization**
 - **e.g., partnered with NGOs and community ties to neighbourhood at the local residence level (home ownership committees, property management agencies)**

东四街道社会服务管理综合指挥分中心

dongsì street social service management integrated command sub-centres



- These communities help deliver a range of local government functions and services, including civil affairs, social stability, petitions, opinion steering community
- This is supplemented by modernization of more conventional law & order approaches to unrest, crime, and disorder (e.g., strategic policing, city management officials 城管, Internet censorship, etc.)



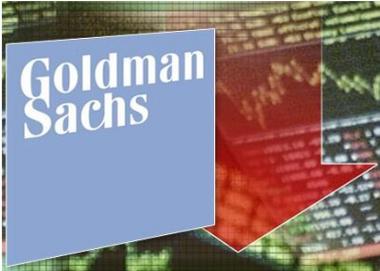
6. Some Concluding Remarks

- **My presentation is mainly on China but located within the emergence of the BRIC bloc**
- **China is seen as the ‘big BRC’**
 - **Its ‘strengths’ are related to its emphases are on export-orientation, GDPism, Ricardian workfare, etc.**

- **The social implications**
 - pro-competition welfare – a mix of state, market, family and third sector (NGOs)
 - asset-based welfare - individuals accept more responsibility for their own welfare such as investing in property
- **Is there any resonance with other BRIC countries? What about the case of Brazil?**
 - GDPism? Ricardian workfare? Pro-Competition welfare? Asset-based welfare? Property bubble? Inflation? Corruption?

The End
Thank You



<p>Stage 1</p>	<p>Major Actors/Institutions</p>	<p>Major Imaginaries</p>
<p>2001- 2011</p> <p><u>'BRIC' as an investor story</u></p> 	<p>International investment banks (e.g., <u>Goldman Sachs</u>), economist (e.g., <u>Jim O'Neill</u>), sales teams, etc.</p>  	<ul style="list-style-type: none"> • Background - <u>9/11</u> 2001 – the need to go beyond the West • <u>Invented the idea of 'BRIC' as object of hope and strength</u> • Based on <u>mathematicized model/forecast</u> • Demographic projections and a model of capital accumulation and productivities to forecast GDP growth and currency movements until 2050

Stage 2

Major Actors/Institutions

Major Imaginaries

2004-2011

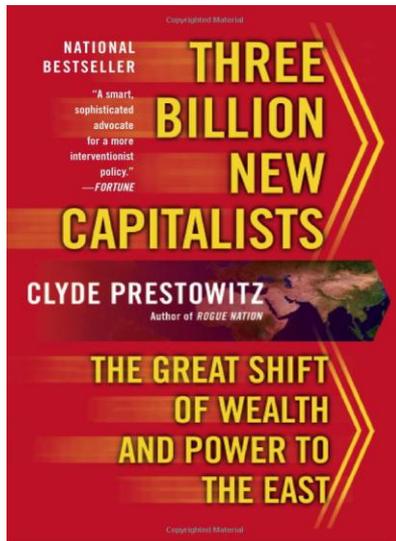
BRIC as an investor and consumer story

Economic strategists, think tanks, business media, (*Bloomberg, The Economist, CNN, etc.*)

- Appropriating Goldman's BRIC category and narrating their consumption power

- '*... by 2020, the annual increase in dollar spending by the BRIC will be twice that of the G6*' (Prestowitz 2005: 227)

- '*BRIC consumer is going to rescue the world*' (O'Neill 2008)



<i>Stage 3</i>	<i>Major Actors/institutions</i>	<i>Major Imaginaries</i>
<p>2008- 2011</p> <p><u>'BRIC' as an investor, consumer and lender story</u></p>	<p>International organizations (G20, IMF, BRIC Summit I & II, etc.) national leaders, think tanks, foreign policy analysts, mass media, etc.</p> <div data-bbox="627 892 1054 1208" data-label="Image"> </div>	<ul style="list-style-type: none"> • BRIC as 'emerging global power' (e.g., from G8 to G20 and G2 within G20) • 'BRIC Summits' – BRIC as lenders to the <u>IMF bond programme</u> • 'Multipolar world order' <div data-bbox="1267 908 1694 1239" data-label="Image"> </div>

1. Developmentalism and East Asian Exportism

- **Developmentalism is the economic orientation of newly-industrializing countries to catch up with advanced economies via export-oriented growth**
- **It is a growth ideology found in postwar Japan, newly-industrializing countries, and ASEAN nations**
- **A stylized model of export-oriented growth:**
 - **Exportism (Jessop and Sum 2006) – away from Fordist theorizing based on mass production and mass consumption at national level**

A Stylized Model of Exportism

Mode of Growth	Extraverted (national-local articulation with the global)
Process Logic	Related to global-national-local linkages with cycles of investment and reinvestment
Motive Logic	Production constituted by competitiveness strategies and technological changes
Accumulation Regime	Supply-side orientation Exploitation of product cycles and technological innovation

Consumption	Flexible, depending on international demand
Virtuous Cycle	Conditioned by the nature of its insertion in the global division of labour and its interconnection with a global-demand-driven dynamics Constituted by the mix use of competitive-driven strategies
Wage Form	Flexible production (Flexi-time and flexi-space, numerical and wage flexibility)
Money Form	Domestic and foreign direct investment Tie/pegged to an international currency or undervalue currency (to boost exports)
State Form	Ricardian, Listian and Schumpeterian workfare

Ricardian workfare regime	Lisbian workfare regime	Schumpeterian workfare regime
Market imitator	Market imitator and protector	Market anticipator
Low/Standardized technology	Targeted standardized technology	Targeted Standardized/ high technology
Factor-driven form of competitiveness	Neo-mercantilist/ allocative form of competitiveness	Innovation-driven form of competitiveness
Low-cost workforce and production	Public-led and public-linked production	Flexibility and process/ product innovations
Turnover-time and compressed-time competition	Turnover-time and compressed-time competition	Compressed-time and fast-time competition
Flex-wage and flex-time across the national and global scales	Flex-wage and flex-time within the national-state	Fast-in-time, right-in-place, lead-time, transit-time
Global-national calculations	National-global calculations	Multi-scalar calculations
Importance of economic and social spaces	Importance of geo-political/military and social spaces	Importance of social, political and electronic spaces
Residual private-public 'workfare shelters'	Public-private support for infant industries and 'workfare shelters'	Private-public spending on reskilling and retraining

Export processing zones	National-state security-development zones	Learning/technological regions within and across borders
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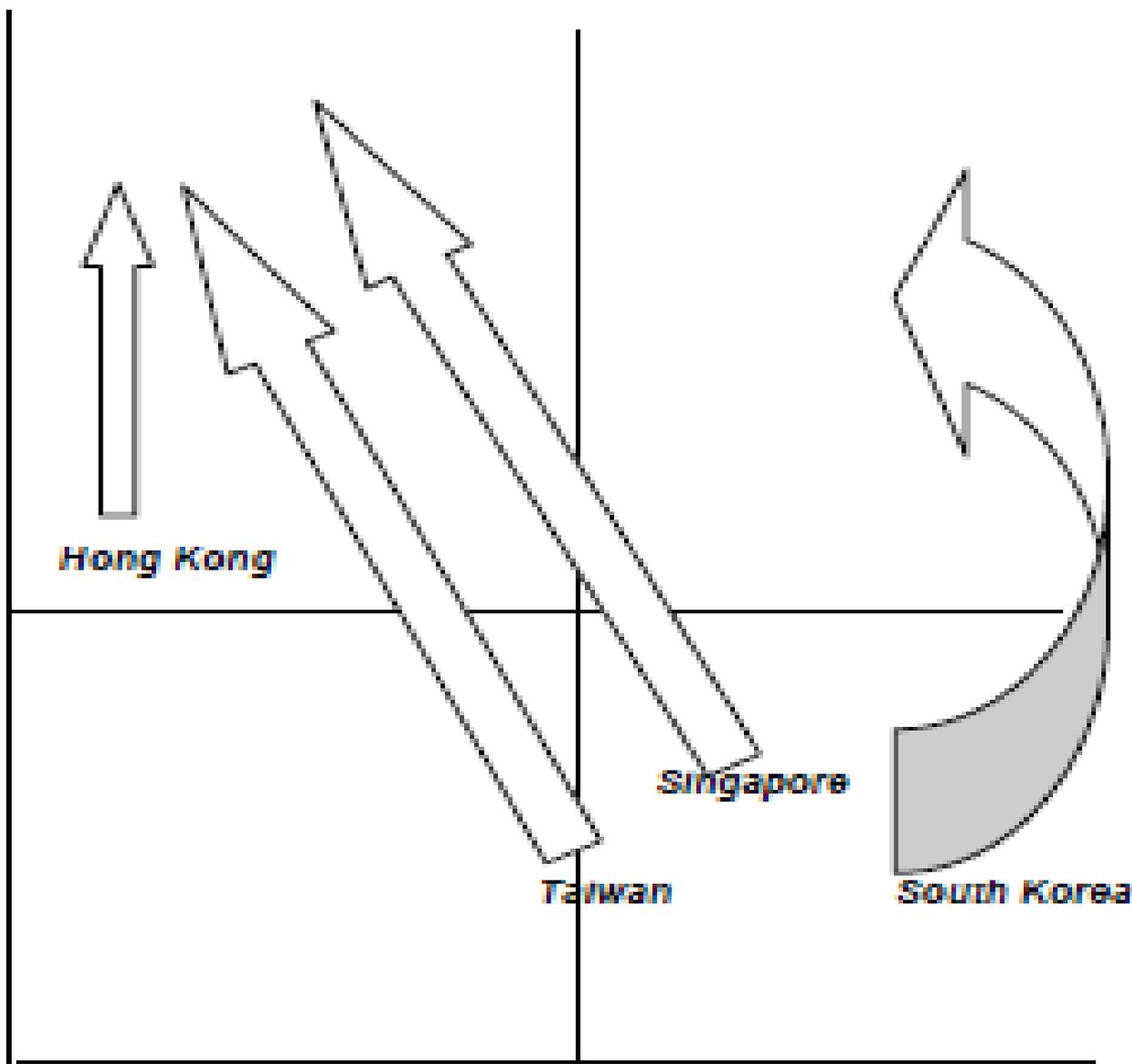
**Simple Exportism
EOI**

**Complex Exportism
EOISI**

**Schumpeterian
Workfare
Regime**

**Ricardian
Workfare
Regime**

**Listian
Workfare
National
Regime**



Mode of Industrialization

3. Politics of Competitiveness and GDPism

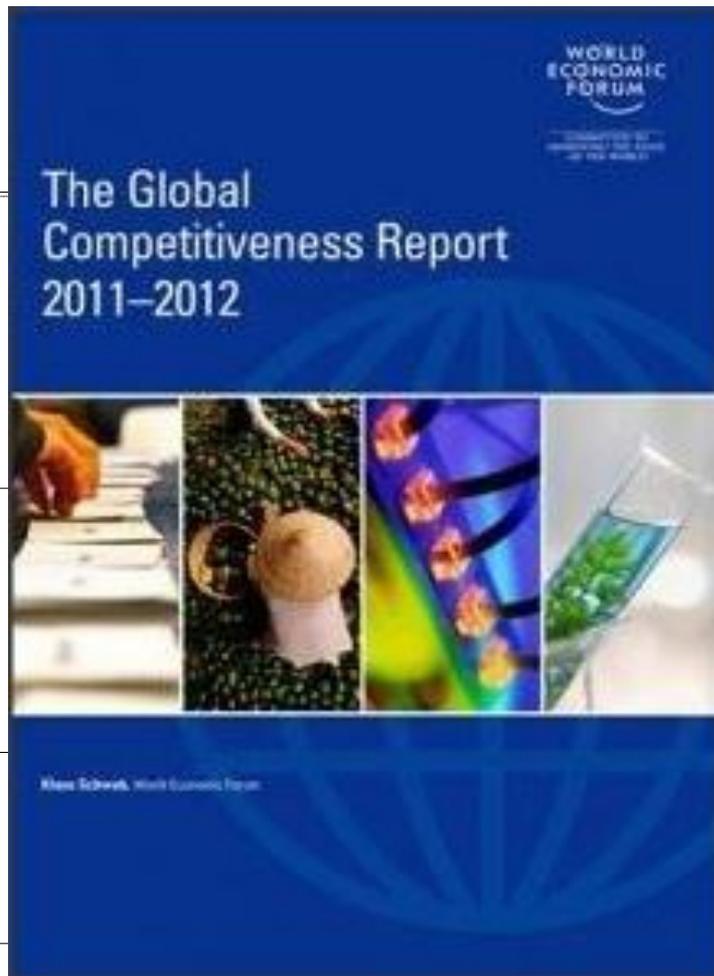
- **Competitiveness as hegemonic in policy making – seen in policy speeches, policy documents, conferences, media reports, competitiveness indexes, and everyday policy and economic life**
- **Politics of competitiveness: micro-level disciplinary power - paper panopticon**

What is a panopticon?

- **Bentham's design for a prison**
 - Panopticon is 'all-seeing-place' that makes total observation/surveillance of prisoners possible all the time
- **Foucault**
 - Uses panopticon as a metaphor
 - Sees panopticon as a technology of control
 - Disciplines and controls via the use of knowledge and discourses
 - The knowledge gaze and discipline by numbers – indexes as paper panopticon



World Economic Forum: Global Competitiveness Report and Index



Country/Economy	Rank/144	Score (1-7)	GCI 2012-2013	
			Rank among GCI 2011-2012 sample	GCI 2011-2012 rank
Switzerland	1	5.72	1	1
Singapore	2	5.67	2	2
Finland	3	5.55	3	4
Sweden	4	5.53	4	3
Netherlands	5	5.50	5	7
Germany	6	5.48	6	6
United States	7	5.47	7	5
United Kingdom	8	5.45	8	10
Hong Kong SAR	9	5.41	9	11
Japan	10	5.40	10	9
Qatar	11	5.38	11	14
Denmark	12	5.29	12	8
Taiwan, China	13	5.28	13	13
Canada	14	5.27	14	12
Norway	15	5.27	15	16
Austria	16	5.22	16	19
Belgium	17	5.21	17	15
Saudi Arabia	18	5.19	18	17
Korea, Rep.	19	5.12	19	24
Australia	20	5.12	20	20
France	21	5.11	21	18
Luxembourg	22	5.09	22	23
New Zealand	23	5.09	23	25
United Arab Emirates	24	5.07	24	27
Malaysia	25	5.06	25	21

WEF & Global Competitiveness Index: Disciplining by Numbers and Ranks

- **Knowledging technologies of hierarchization, performance and judgements (Sum 2010)**
 - The index hierarchizes countries with reference to degree of performance – rank order countries
 - It renders the world knowable through rank ordering – a disciplinary technology that casts judgement by performance and numbers
 - So it becomes a paper panopticon that visibilizes countries/societies, esp. with declining or low rankings, to take certain (market-friendly) steps to become more competitive – catch up

- Stage 1: Deng era (1978-1997)
 - building strength via the construction of ‘8% *GDP growth rate*’
- Stage 2: Jiang-Zhu era (1998-2002)
 - safeguarding strength via ‘*protecting 8% growth rate*’
- Stage 3: Wen-Hu’s era (2003- March 2012)
 - projecting strength via ‘*protecting 8% growth rate*’
 - ‘*China with the second highest GDP in the world*’
 - ‘*Chinese consumers can save the world*’
 - China as the leader in the ‘*BRIC*’ bloc
 - China’s ‘*peaceful rise*’

Table 1. Changing social policy goals in China

	The Mao era (1949–1976)	The reform era (1978–present)
Basis of ideology	Upholding ‘socialist ideals’, emphasizing social protection and social equality	Emphasizing economic efficiency and importance of competitiveness
Major economic goals	Low wages but generous welfare benefits	Reduce labour costs by cutting down social welfare
Major social goals	Maintaining ‘social justice’ by means of ‘redistribution mechanism’ Improving people’s quality of life by higher public expenditure	Keeping social stability by providing a minimal social relief to the poor and people in need Involving various non-state actors in welfare provision

4. Migrant Labour and Differentiated Citizenship

- **Ricardian workfare – lowering costs of production - the use of migrant labour**
 - ‘migrant labour’ - an in-between category of neither rural nor urban, neither peasants nor workers – ‘peasant workers’ (mingong)
- **They migrate to cities to work but are caught by *hukou* system (household registration)**
- **The hukou is used to control the floating population**

- **The hukou system registers people's official residence and can claim citizenship rights**
 - **benefits are only available if a Chinese citizen lives where he or she is registered**
 - **Hukou benefits include health care, free education for one's children, and pension**
- **Migrant workers have no hukou in the urban areas and thus no access to welfare**
- **In this regard, citizenship are differentiated according to categories**

Differentiated Citizenship in China

<i>Citizen</i>	← <i>Denizen</i>	← <i>Legal transient</i>	↔ <i>Ghost worker</i>
Full membership	Partial membership	Limited membership	No membership
Native <i>hukou</i> holders, “naturalized” migrants	(a) Non-natives temporarily employed in state units; (b) blue-stamp <i>hukou</i> (<i>lanyin</i> 藍印戶口); (c) residence permit holders (<i>juzhuzheng</i> 居住證)	Registered temporary residents (a) working in enclave-like factories; (b) the self-employed living in slums or ghettos; (c) “vagrants and beggars”	“Illegal,” unregistered, or falsely-registered migrants

	Citizens	Denizens	Transients	Ghosts
<i>Civil rights</i>	Basic rights of residence and employment guaranteed	Right of residence and limited right of employment offered	Seriously deprived	Thinly provided
<i>Political rights</i>	Eligible to elect grassroots level officials	None	None	None
<i>Social rights</i>	Full coverage of welfare benefits	Partial coverage of welfare benefits	Thinly covered; or provided with higher prices	Almost none

- **Social unrest helps to make central government eager for change**
- **Local governments are more reluctant because they have to pay for the welfare bills especially in times of crisis-related shortfall**
- **For example, Shanghai conducted pilot programmes in 2009**
 - **‘resident permits’ to migrants**
 - **eligibility is based on a points system related to education, tax payment, criminal record, etc.**
 - **Less than 0.1 per cent migrants are qualified (Kong 2010).**

Pilot Programs for *Hukou* Reform

	Guangdong	Chongqing	Chengdu
Policy Announcement Date	June 2010	July 2010	November 2010
Urbanization Target Rate	75% in Guangzhou, 85% in other cities by 2020	60% by 2020	70% by 2020
Number of People to transfer	.6 million quota every year	10 million by 2020	Not specified
How to transfer	Cumulative Points System: migrant workers with 60 points or more are eligible to apply. Points are awarded based on education, skills, social insurance contributions, social contributions (such as blood donating and volunteer work).	Rural residents who have worked or run a business in downtown Chongqing for at least five years or have purchased commercial housing in downtown area can apply for urban <i>hukou</i> .	Anyone with a residence in an urban area can apply for an urban <i>hukou</i> on a voluntary basis.
Social Security	Yes, after transferring to urban <i>hukou</i>	Yes, after transferring to urban <i>hukou</i>	No need to apply, automatic.

- **Rising social unrest and frustrations lead to GDP being parodied in everyday websites (*hudong.com/wiki, sohu.com, sina.com.cn, people.com.cn, baidu.com.cn, tiexue.net*)**
 - **Parody is literary or artistic work that imitates another work for comic effect or ridicule**
 - **It is a weapon of the weak (Scott 1985)**
 - **social criticisms, rhetorical protest , and passive expression of civil resistance against power elites**
- **Parodying state discourses on ‘GDP’ in folk languages**

For example: GDP as ‘Chicken’s Ass’ (“鸡的屁”)

- Bloggers translate ‘GDP’ as ‘*chicken’s ass*’ or ‘*chicken’s fart*’ (“鸡的屁”) as it is a near homonym to ‘GDP’ – the connotations of ass and fart create ‘hidden transcripts’ (Scott 1985)
- It is so popular that it has gained its own entry in China’s wikipedia (<http://www.hudong.com/wiki/鸡的屁>)



The screenshot shows the Hudong Interactive Encyclopedia (互动百科) page for the term "鸡的屁". The page features the site's logo, a search bar, and a navigation menu. The main content area displays the title "鸡的屁" and a brief definition of GDP. The definition states that "GDP" is a common translation of the English acronym for Gross Domestic Product, and it is a measure of a country's economic status, reflecting its development, national income, and consumption capacity.

Hudong 互动百科
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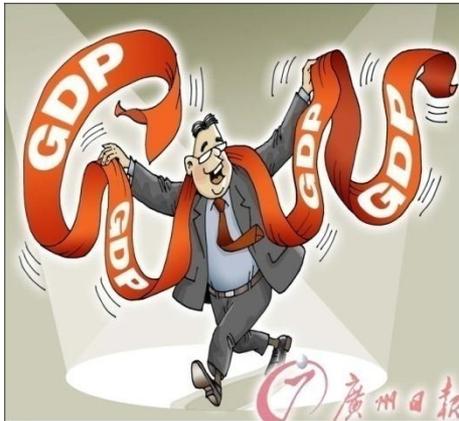
开放分类： 俗语 社会 社会热点问题 社会问题 编辑词条 | 分享

请用一段简单的话描述该词条，马上添加摘要。

“GDP”（国内生产总值的英文缩写）的民间流行译法。第一个译者已不可考。比较早的见于记者和良心经济学家时寒冰的文章。GDP指在一定时期内，一个国家或地区的经济中所生产出的全部最终产品和劳务的价值，是衡量国家经济状况的一种指标，对反映国家的经济发展状态、国民收入和消费能力的情况起着不可代替的作用。

– For example:

- *‘Authorities are keen on GDP, the people are disgusted with chicken’s fart’ (官员热衷GDP, 百姓讨厌鸡的屁)*
- **‘The so-called GDP is bogus chicken fart’ (所谓的“GDP”都是虚假的“鸡的屁”)**
- **‘Blood GDP’**



- These parodies voice social frustration and reveal contradictions and economic tensions**
 - conflicts between vested and subaltern interests over land grabs, forced demolition, and asset inflation**