THE BCIM AND CPEC – TOWARDS POVERTY ALLEVIATION IN SOUTH ASIA

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Abstract: Ever since the end of the Second World War, peace and development has captured the interest of scholars and academicians and along with it came the pressing problem of eradicating poverty. In the year 2000, at the United Nations Millennium Development Summit, the Millennium Development Goals (MDGs) was passed by leaders of various states with the reduction of poverty as the primary goal. Approximately two decades after the passing of the MDGs, the poverty reduction initiative has achieved significant success across the globe under various initiatives of different governments. Between the years 1990 and 2000, over 1.06 billion people have been lifted out of poverty and the percentage of people living under extreme poverty has been reduced from 43 percent to 14 percent. This has been achieved through universal education, prevention and treatment of malaria and tuberculosis, provision of clean water, and improvement of slum conditions. In the year 2015, for the purpose of achieving common development, the 2030 Agenda for Sustainable Development was adopted by various countries at the United Nations Sustainable Development Summit that again laid its emphasis on the eradication of poverty as its primary goal. It is estimated that over 700 million people are still living in extreme conditions of poverty and developing countries are confronted with critical challenges of eradicating hunger, malnutrition, maternal and child health, as well as sustainable development. Progress in terms of poverty reduction remains unbalanced while the condition of Least Developed Countries (LDCs) has not seen any notable improvement.

In this article, the objective would be to analyse the extent of poverty in the south Asian region. It would seek to analyse MDGs and SDGs in the context of poverty reduction in the south Asian context. Has globalization brought about change in terms of poverty reduction in these countries? How has the human development programme had its impact on poverty reduction in south Asia are initial questions that this article would seek to address.

Following the initial remarks on poverty reduction, this essay would focus on the Chinese approach to poverty reduction. How and what has been the impact on poverty reduction in terms of the Belt and Road Initiative in the south Asian region and does China focus on poverty alleviation through its connectivity programmes or regional cooperation mechanisms/initiatives are important questions that this article would seek to address.

Index Terms - China; BCIM; CPEC; Poverty; Poverty reduction; Poverty alleviation; Poverty in South Asia; Belt and road Initiative.

Introduction

One of the central problems that people in the world encounter is poverty. In recent years the endemic disease of poverty has been persistent and afflicting many of the developing countries in the world. This has jeopardised the well-being of many people which has made many of governments in developing countries to devote much of their attention and also their budgets towards the reduction of poverty (Botchway 2013: 85). Ever since the end of the Second World War, peace and development has captured the interest of scholars and academicians and along with it came the pressing problem of eradicating poverty. In the year 2000, at the United Nations Millennium Development Summit, the Millennium Development Goals (MDGs) was passed by leaders of various states with the reduction of poverty as the primary goal. Approximately two decades after the passing of the MDGs, the poverty reduction initiative has achieved significant success across the globe under various initiatives of different governments. Between the years 1990 and 2000, over 1.06 billion people have been lifted out of poverty and the percentage of people living under extreme poverty has been reduced from 43 percent to 14 percent. This has been achieved through universal education, prevention and treatment of malaria and tuberculosis, provision of clean water, and improvement of slum conditions. In the year 2015, for the purpose of achieving common development, the 2030 Agenda for Sustainable Development was adopted by various countries at the United Nations Sustainable Development Summit that again laid its emphasis on the eradication of poverty as its primary goal. It is estimated that over 700 million people are still living in extreme conditions of poverty and developing countries are
confronted with critical challenges of eradicating hunger, malnutrition, maternal and child health, as well as sustainable development. Progress in terms of poverty reduction remains unbalanced while the condition of Least Developed Countries (LDCs) have not seen any notable improvement (Weiping 2018:1).

Defining Poverty and Poverty Reduction

Commentators, scholars and academicians in recent years have placed significant importance to the idea of poverty reduction and poverty alleviation. In the early 1990s, policies of the World Bank gave rise to what is regarded as the new poverty agenda and in the year 1999, the Poverty Reduction Strategy Papers were presented as a vital policy mechanism in terms of Heavily Indebted Poor Countries. In very simple terms the concept of poverty is one that represents the lack of money and income. From this view point, it can be understood that there is high correlation between income and other aspects of social and economic well-being such as health and education. As in the case of development, the definition of poverty is multi-dimensional while income and money are important components. Among the vital components of poverty factors such as health, education, social life, environmental quality and political and spiritual freedoms are all significant and while the deprivation of any of these can be pointed to as giving rise to poverty whilst including money and income as the primary factors that relate to poverty (Potter, Conway, Evans & Lloyd-Evans 2012: 45).

Although poverty occupies a central position in the discourse of development, the relevance ascribed to particular aspects have changed along with the definition of poverty. (Misturelli & Heffernan 2010: 35). Defining poverty is thus critical as it involves political, policy and academic debates that is bound with explanations that is directed towards solutions to the problem. Definitions of poverty vary according to their broadness or narrowness, whether they are limited to material aspects or the nature of that material core or in terms of relational or symbolic factors that are associated with poverty (Lister 2004: 13). Townsend defines poverty in terms of its objectivity and argues that it can be applied in the context of the concept of relative deprivation. When people, lack the resources or the ability to obtain the type of diet, or are not able to participate in the activities that can provide for their living, they can be said to be in poverty. It is a condition that where the resources are so below average required levels for ordinary patterns, customs and practices of living (Townsend 1979: 31; Townsend 2010: 85-86). Debates over the appropriate way of defining poverty can be traced back to the end of the nineteenth century where the works of Booth and Rowntree where the distinction between absolute and relative poverty were present. Definitions of absolute poverty are objective and scientific and it is based on the notion of subsistence. Subsistence can be considered as the minimum requirement needed to sustain life and if being below subsistence level would mean living in absolute poverty. However, this has come under contradiction where the question – how do those who are below subsistence levels live on. The answer according to absolute poverty theorists is that they do not live long and if not attended to their condition they will starve. Thus the definition of absolute poverty is to define subsistence and to specify what people require surviving and then ensuring that this is being provided and subsequently saying we have removed poverty (Alcock 1997: 68). The notion of absolute poverty is contrasted with relative poverty that is more subjective and emphasizes that some level of judgement is required in determining poverty levels although this is controversial. Relative poverty is determined on the basis of comparison made between the standard of living of the poor vis-à-vis the standard of living of those who are not poor (ibid: 69).

As put earlier, relative poverty prevents people from participating in activities that will provide for their basic needs. It is a concept that carries the notion of participation which is not only a post war and Fabian thinking; it was recognized and supported by Karl Marx and Adam Smith. In the words of Adam Smith, ‘it is not only commodities that are necessary for the support of life, but it is also the customs of a particular country that renders it indecent for creditable people even of the lowest order. A linen shirt for example is strictly speaking not a necessity of life, but today a labourer would be ashamed to appear in public without it (Smith 1776: 691; Campbell & Skinner 1976: 391). Marx in similar fashion wrote that our desires and pleasure emerge from the society that we live in and we measure them, therefore, they are relative in nature (McLellan 2000: 284). In terms of poverty analysis, the sine qua non is whether the variant is absolute or relative is based on the poverty line partitioning which indicates the income distribution and shows that those below the poverty line are considered as poor. The poverty line is a quintessential normative concept that reflects society’s views as to what can be considered as the minimum acceptable level of income (Nielsen 2009: 3).

As perspectives and approaches on poverty develop, there has also been in development changing approaches to poverty reduction. One of the approaches laid its emphasis on social injustices created by poverty and that combating it would require its focus to be upon development. In this context first and second world countries began allocating new resources for projects aimed at development in low and middle income countries. By the second half of the twentieth century, attention was paid towards establishing peace, justice and integrity where ecological and developmental issues were the main focus (Sofo & Wicks 2017: 246). Poverty during the 1990s emerged as the key objective of global development policy that accepted the fact that mere economic growth would not result in poverty reduction. Policy makers are also now aware that right policies is not enough and that
pro-poor policies would come about only if the dominant political structures favour it (Mosley 2012: 3). The Copenhagen Declaration in the year 1995, formalized international commitments to halve the number of people living in extreme poverty by the year 2015 and in the year 2000 193 countries in the world agreed to eradicate poverty and hunger which is the first objective of the Millennium Development Goals (MDGs). While assessing the successes and failures of the MDGs whose period ended recently, it is estimated that over 1 billion people have been lifted out of poverty around the world. However, the goal of halving the poverty stricken people as claimed remains debated in the literature particularly in terms of structural factors related to governance. Yet it is not clear which governance factors are important in this context. Over the last two decades, in countries like Uganda and Bangladesh there has been much achieved in terms of poverty reduction, yet key policy reports and development agencies continue to emphasize that improved governance were important to achieving the goals of the MDGs by the year 2015. (Asadullah & Savoia 2018:70). While there are these claims that the MDGs and other poverty reduction programmes have had positive effects in terms of poverty reduction across the world, it is important to assess how these strategies including the Sustainable Development Goals and Globalization have had on poverty reduction in the south Asian Context.

Poverty and Poverty Reduction in South Asia
Over the past six decades, the idea of development has come a long way as an enterprise, scholarly discipline and it became a significant area of study during the post war years. Following the end of the second World War, the western world was confronted with the challenge of rebuilding countries that were devastated by war. With this process came the creation of institutions such as the International Bank for Reconstruction and Development (now World Bank) that would support and help manage the task of reconstruction. Alongside these developments theorizing about the challenges faced by backward countries and the means by which these challenges could be met and how they could be put on the path towards sustainable development and industrialization. Development in the post war years became synonymous with the idea of industrialization as they provided an avenue to raise income for the poor and enable them to have access to goods and services that were available in the developed countries. Another new reality in this context was that many countries in the world were achieving independence and by and large both Asian and African countries at the time of their independence were poor. It was this process that lent the push to industrialize as it sought to provide better lives for its citizens whilst also seeking to consolidate their independence and earn the respect and self-dignity that they had been denied during colonial rule (Rapley 2007: 1).

Almost all countries in south Asia endorsed the MDGs that was declared in the Millennium Development Summit that was held in the year 2000 where it was pledged that it would halve the number of people living in extreme poverty by the year 2015. It was also agreed that there would be efforts taken to reduce infant mortality, achieve universal education, and promote gender equality by 2015. In the year 1990, there were about 40 percent of the population in south Asia who were living in poverty. However, this figure reduced to about 30 percent by the year 2000 and it is estimated that if poverty levels continue to decline at this rate, the goals were likely to be met and possibly even surpassed. India passed the halfway mark in terms of reducing the number of people living below poverty line by the year 2015. However, countries like Pakistan and Bangladesh have not been able to accomplish this goal (Bajpai, Sachs & Volavka 2004: 2). In south Asia most countries have a MDG plan or a Poverty Reduction Strategy Paper or a similar document that would incorporate their MDG Strategy. Countries like Bhutan have taken steps to incorporate the MDGs with a unique approach of their own. Bhutan in this context has named its approach to poverty reduction as the Gross National Happiness that indicates the level of well-being among its citizens (Mathbor & Ferdinand 2008: 50). Although the MDGs have been taken into consideration by all countries in south Asia, we should also recognize the fact that a single approach would not be sufficient to tackle the problem of poverty. MDGs have a country approach and not at the disparities that are present in different regions within the country. In addition countries in south Asia must be willing to spend to achieve the MDGs and this depends on the debt service that the country has to pay. A reduction in debts will allow countries in the region to allocate more funds that will reduce poverty and hunger (ibid: 60). Poverty is studied by examining certain indicators that act as country measures. Large scale studies have been undertaken in terms of poverty in south Asia by the World Bank, the Asian Development Bank and the United Nations. These studies have included statistics that are based on each country’s population and several other indices such as (i) Gross Domestic Product, (ii) Human Development Index and (iii) Human Poverty Index. According to Mathbor and Ferdinand (2008), apart from these indices there are multidimensional analysis of poverty that include social issues/problems, issues facing women, education, religion, and nutrition; political issues such as conflict, corruption, foreign aid; environmental issues such as topography, water, sanitation, disaster impacts and economic issues such as growth, trade agreements and challenges to economic growth.

As noted earlier, a single approach cannot solve the problem of poverty. In south Asia there are many challenges in terms of social, political, economic and environmental areas that hinder the achievement of poverty reduction. In addition, political conflicts also are a major hindrance to poverty reduction in the region. Countries like Sri
China’s Approach to Poverty Reduction

In the year 1981, 84 percent of China’s population lived under poverty line according to the international standard of $1.25 per day; however, the Economist in the year 2013 reported that China had pulled out 680 million out of poverty which meant that it had reduced those living under extreme poverty to just about 10 percent of the total population (Pei 2018: 91). Prior to the 1970s, before the economic reforms, the Chinese government had developed a social assistance programme that provided a fixed amount for a fixed period which was known as the dingqi dingliang jiujì (Five Guarantees Programme) which provided disaster relief and alleviation, temporary assistance and other assistance measures. However, the Chinese government lacked social assistance funding and also with a weak economy at that time, it could not provide sufficient assistance to those who required it and thus the pace of development was slow until the end of the 1970s. the period of reform and opening the door which led to restructuring of the economy and the development of the new market, the Chinese government has been able to build and refine its social assistance programmes by providing social security for socially marginalized groups that included the old, poor, sick, the disabled and youth (lao, rou, bing, can, you). This also included those who were suffering in poverty in urban areas like the laid off workers. Social assistance has thus become one of China’s main poverty reduction strategies (Mi & Ku 2010: 189).

China’s poverty reduction efforts can be classified into four phases ever since the economic reforms period and more specifically from the year 1978, (i) 1978-85 Rural Reforms, (ii) 1986-1993, the National Targeted Poverty Reduction Programs, (iii) 1994-2000, the 8-7 Plan and (iv) 2001-2010, the New Century Rural Poverty Alleviation Plan. During the post 1978 reforms period the Chinese government focused on rural economic growth through rural reforms. Through these reforms, the Chinese Government introduced institutional reforms of rural production, distribution systems and procurement prices which yielded remarkable results in terms of poverty reduction as well as agricultural production and rural industries. The National Targeted Poverty Reduction Programs was a result of the lag in economic growth during the mid 1980s particularly in the revolutionary; minority and border regions and these received special attentions in the Seventh Five Year Development Plan which also marked the beginning of the targeted rural poverty reduction programs. The targeted rural poverty reduction programs comprised a variety of actors, channels and initiatives such as the State Council’s Leading Group for Poverty Reduction, subsidized loan programs, Food For Work Program. However, this period saw a slower rate of growth in terms of poverty reduction. In the year 1994, the Chinese Government introduced the 8-7 plan that looked to intensify the poverty reduction efforts in China. It had several objectives such as (i) assisting poor households with land improvement; increased cash crop, tree crop and livestock production, and improved access to off-farm employment opportunities, (ii) providing most townships with road access and electricity, and improving access to drinking water for most poor villages, (iii) accomplishing universal primary education and basic preventive and curative health care, (iv) graduating better-off counties in the coastal provinces from the newly-established list of nationally-designated poor counties, (v) managing well available funding, with attention to the appraisal and financial viability of poverty reduction investment activities, recovery of loan funds and leakage of poverty reduction funding to alternative activities, and (vi) enlisting involvement and support from all government ministries and agencies, the coastal provinces and major municipalities, and other domestic and international organizations. The 8-7 plan according to empirical studies shows that it had positive results in terms of poverty reduction. Finally the Poverty Reduction Strategy of the New Century that was launched in 2001 focused on households in the western region of China as western regions had scattered households in villages rather than in counties. The China’s Rural Poverty Reduction and Development Compendium that was formed in 2001 which had villages as its basic target. This plan emphasized on the development of science and technology, culture, education, health and also recognized the fact that poor health pushed rural households into poverty. In this plan rural-urban migration was seen as a critical avenue for poverty reduction as it would enable rural inhabitants to find new jobs opportunities that arose in China’s cities and towns (Sangui, Zhou & Yanshun 2004).

Ever since the 18th CPC National Congress that was held in late 2012, the CPC Central Committee that was headed by General Xi Jinping included poverty reduction into the Five Sphere Integrated Plan and The Four-Pronged Comprehensive Strategy in the year 2015, the State Council issued the Decision on Winning the Fight against Poverty that made a plan for the overall reduction of poverty to work until the year 2020. In terms of poverty reduction, the Chinese have had in their agenda targeted poverty alleviation that helps in building a
moderately prosperous society in all respects. This includes clear poverty reduction goals, registration of people living under poverty, implementation of targeted poverty reduction strategy along with the seven institutional systems such as accountability, policy, investment, assistance, mobilization, supervision and assessment (Weiping 2018).

Chinese achievements in terms of poverty reduction are enviable. The reduction in poverty has also seen the rapid rise in China’s economy. Although domestic policies are important in reducing poverty in a country it also seems that economic globalization may more integrated economies tend to grow quickly and the growth is diffused (Zhang 2006: 79-80).

It is in this context that while acknowledging the rise of China, that we raise the question, how has the Belt and Road Initiative contributed to poverty reduction in the south Asian region?

Belt and Road Initiative and Poverty Reduction in South Asia

Since the year 2001, the world has seen the emergence of China as a world economy and more recently with the Belt and Road Initiative (BRI), China has been expanding its government sponsored ‘Going Global’ that is part of its ‘China Dream’. The BRI looks to consolidate and upgrade a dense network of bilateral free trade agreements into a multilateral arrangement that would be anchored by China’s pull and vast open market. China uses the Belt to link China with Europe through central Asia and Russia, the Middle East through Central Asia and to south Asia, South East Asian and the Indian Ocean. The road looks to connect China with Europe through the South China Sea and the Indian Ocean and with the south Pacific through the South China Sea that would cover 65 countries reaching about 60 percent of the world’s population and amounting to nearly a third of the global GDP. The BRI is a comprehensive global architecture that has been designed by China to enable it to be a leading power in the world. It involves a massive project of infrastructural development such as rail roads, roads, oil and natural gas pipelines, fibre-optic and communication systems ports and airports. The BRI also includes policy dialogue to trade and from financial cooperation and people-to-people exchange. The total project is estimated at $800 billion (Zhang, Alon & Lattemann 2018: 2).

The benefits of the BRI was outlined by President Xi Jinping in his inaugural speech that included imports worth $2 trillion from participating countries with an additional $14.5 billion funding for the Silk Road Fund. In this the China Development Bank and the Ex-Im Bank of China would set up lending programs of $37.5 billion and $20 billion and additionally $8.7 billion for poverty alleviation in participating countries (Joshi 2018: 7). The BRI’s primary aim is to promote cooperation and development in participating countries. In terms of the BRI, China’s infrastructure building projects and connectivity programs have been at the forefront that has enabled it to emerge as a leading economy in the world. Over the past 15 years China has become the world’s leading investor in terms of global and local infrastructure. This has included investments in sophisticated transportation systems, dams, ports, communication systems, proper sanitation and clean water, bridges, airports and hydroelectric plants. China’s infrastructural developments are unique in terms of its size and impact (Drache 2018). It is in this context that it is important to assess how the infrastructural development initiative of China in South Asia has been having a long term strategy of poverty reduction. Thus in this article we take the case of the China Pakistan Economic Corridor and the Bangladesh China India Myanmar-Economic Corridor as two of the connectivity projects in the South Asian Region that China has invested. Have these two projects had any implications on poverty reduction?

CPEC and Poverty Reduction

With the launch of the CPEC, one of the fundamental question that this project raises is, how is this going to transform Pakistan and boost China’s Belt and Road initiative? At the first instance the CPEC is advertised as making a difference by boosting the economy of Pakistan. With the visit of Xi Jinping in April 2015, the originally intended $ 46 billion has been increased to $ 62 billion. This road covers over 3000 kilometers from Kashghar to Gwadar with a massive network of roads, pipelines and railways. It is expected that the CPEC will have the potential to reap the much needed benefits for the development of the country. Firstly, the CPEC is expected to open up employment opportunities for Pakistani citizens along the route although there are thousands of Chinese nationals who are employed in this project. The CPEC is expected to raise 2,320,000 jobs that would reduce the rate of unemployment in Pakistan from 5.5 percent to 3.9 percent. According to the Minister of Planning and Development, Ahsan Iqbal, over 300,000 jobs have been created through the CPEC thus far. It is also expected that stronger and expansive transportation facilities would enable faster economic growth. Reports suggest that with the official launch of the CPEC in 2013, Pakistan’s GDP rose from 4 percent to 5.5 percent by the year 2016. In an estimate of the IMF, investment in the CPEC will add $ 3 to $13 billion output in Pakistan’s GDP by the year 2024. The CPEC also promises Tourism in Pakistan which now makes a small part of Pakistan’s earnings (Chen, Joseph and Tariq 2018: 61-64). In November 2017, the Long Term Plan for CPEC (2017-2030), a policy document was released by both the Chinese and Pakistani governments that enlisted seven features among which poverty reduction was present. The document emphasizes that the CPEC will greatly improve the industrialization and urbanization process and develops Pakistan into a highly inclusive, globally competitive and prosperous
country that would be capable of providing quality life for its citizens. This directly related to the objectives of the SDGs 1,2,3,4 & 6 in terms of Poverty reduction (Ali 2018: 309 & 322).

Bangladesh China India Myanmar-Economic Cooperation (BCIM-EC) and Poverty Reduction

The Bangladesh China India Myanmar-Economic Corridor (BCIM-EC) earlier known as the Kunming Initiative was founded in 1999 with the motive of promoting trade and development in the sub-region stretching from south west China to eastern India (Kunming to Kolkata) via Myanmar and India’s North Eastern Region (Ubertoi 2014:2). The BCIM in similar fashion with the CPEC has in its objectives, aims at linking south Asia with south east Asia by building multi-modal connectivity, harnessing economic complementarities and people-to people relations (Sharma & Rathore 2015: 6). While this zone is home to abundant natural resources, labor and established international sea routes, this region suffers from relative poverty. It was thought that this economic corridor would alleviate poverty. However, recently this corridor has not been listed in the BRI.

Conclusion

In conclusion, we can agree that there is much that can be achieved through the connectivity programs that China has initiated in the south Asian region. It can be well understood that the Chinese model of poverty reduction which has economic growth and development as its approach to bring people out of poverty is resounding in its Asia Belt and Road Initiative. The CPEC has been producing to a large extent the expected results according to estimates although there are hassles that surround this project. However, with the Indian criticising the BRI projects, citing sovereignty issues, it skipped the Border Roads Forum that has resulted in the BCIM-EC not being listed in the BRI. However, with the CMEC, Nepal-China Trans-Himalayan Multi-Dimensional Connectivity Network all beginning to take shape it is expected that these initiatives will put in its agenda the idea of poverty reduction and human development as its core objective.

References