Chapter II

CHINA OR THE NEW GLOBAL FORCES

CHINA AND THE BRICS PROJECT: SKEPTICISM OR AMAZEMENT?

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I. INTRODUCTION

To speak of the BRICS is to speak of the future; therein lies the complexity of embarking upon a topic in the framework of the commencement of a century as it begins, that, just like the two previous centuries, challenges us, not so much to surmise what comes next, but to understand what is happening today. We are living through the syndrome of a globalization without repose that has left us without answers for the majority of the questions that today are necessary for a harmonious cohabitation of the human being. We are witnessing the end of the political and economic certainties of a global world that, through multiple expressions, attests to the unresolved transformation that is translated into a dissatisfied world society that wonders about its respective solutions every day. In some manner, in some way, we have become hostages of our own success.

For that reason, to speak of the BRICS, or rather, of the group of countries made up of Brazil, Russia, India, China, and South Africa,[1] beyond the position that is assumed, the topic invites us to take care not to fall into the simplicity of the past or in the global speculation of the present, of only knowing about the displaced and the winners. The profound integration that all the countries that currently form part of the global community are witnessing, be it accepted or imposed, does not allow us to witness today as simple spectators the scene of a transformational refill on

[1] South Africa was not integrated into the block until April of 2011, thus it is not included in the analysis of this work for editorial reasons.

whose results depend greatly the possibilities of the success of a compromised world society.

To know if this is China's century or not; if we are witnessing the decline of the United States; if India, Russia, or Brazil will displace Japan, Germany, or France through the first half of the 21st century; as a global society this is not the most relevant. What matters, on the contrary, is to know the why and the how of these rearrangements; and to what degree it will affect or benefit the common heritage of some finite assets that belong, now more than ever, to a global society that can now only pass collectively toward a future in the medium and long term. In this sense, the success of the BRICS countries in the 21st century, as of any other nation, can only be understood in the framework of the future of a global society that takes into account and respects the sustainability of all of its participants.

Naturally, this approach was not taken in the 18th century, at the beginning of the Industrial Era, when the Watts and Cartwrights were inventing the steam engine and cotton spinning machinery, and with them they were marking the beginning of a global society without repose that in an unstoppable race gave rise to the most lucid and successful period of its existence, just as it yielded the stepping off point of its self-destruction. Nor did Great Britain do it when, with a base in these new technologies, reaffirmed belligerently in 1815 with the Battle of Waterloo, throughout all of the 19th century it imposed upon the new global world a form of cohabitation and economic exploitation that led it to retain 25% of the land and population of its time. Great Britain, and the first industrial countries, did not know, nor did they wonder, if this form of "development", and exploitation would lead us to today, in a mere 250 years, where we record concentrations of greenhouse effect gases in the Earth's atmosphere greater than those that were present eight hundred thousand years ago and that quickly and geometrically approach those that are presumed to have been there fifteen million years ago (Smith, 2011). The industrial era, led by Great Britain, inevitably but irresponsibly imposed, was born and developed before a global community that witnessed, passive and shocked, the "Century of Great Britain", where 2% of the industrial participation that grew its teeth in 1750 was elevated to 23% in 1880. At the same time, Europe, in that last year, conjointly accumulated 62% of the development of the new exploitation of the industrial world (Kennedy, 1994). Likewise, at the beginning of the 20th century, a less satisfied and full of demands global society, but with the same illness as in the beginning of the 19th century, was wondering if the 20th century would be the century of the United States and the downfall of Great Britain; and if we were on the road to the "Americanization of the world" (W.T. Stead); or if the world would unite itself or defend itself from the, "Colossal American business" (Kennedy, 1994).

Paradoxically, at the beginning of the 21st century, the same global society, more distressed than ever, but with the renewed illness from before, today questions itself in the face of the evident decline of the United States, if this is China's century or if this will be the Century of the BRICS.

Equally, it questions who is winning or who is losing in an advanced exercise of alliances and interests. Unfortunately, for this same global society, the stage of simple speculation has already passed, and under the weight of some numbers that speak to us with serious fundamentals that we can easily convert into the sixth massive extinction in the history of the Earth, and in the "First since the extinction that was projected in the Cretaceous-Tertiary Period, that ended the dinosaurs some sixty-five million years ago" (Smith C., 2011, p. 186); as much the decline of the old hegemonies such as The United States or England as the appearance of new economic players such as Brazil, Russia, India, and China, should be looked upon with the concern that all that is recounted today in the global society economic and commercial subject matter has or generates direct repercussions on all the countries that inhabit said society, which has a bearing on their social and political welfare.

Today it is not sufficient that the arrival of new parties from the economic success is applauded under a simple philosophy of winners and losers. If from 1750 to 2011, what had prevailed over the old preeminent countries has been their irresponsibility for the future, their irrational consumption of the common patrimony's natural resources, this in no way can convert itself today into a justification for the old and new economies to do the same to the detriment of a collective sustainability. It should be added to the aforementioned that within the global society, there is increasingly a greater consciousness of the finite resources on which it relies. 100 or 200 years ago the scarcity of the consumables that are required for the development of the coming years was not clearly known: the fact that there is only petroleum for the next 41 years, copper for 35 years, natural gas for 60 years, iron for 72 years, silver for 14 years, etc. Nor was it known that the levels of $C0_2$ concentration (280 parts per million) from the pre-industrial era have increased by 40% (387 ppm, 2009), which is producing the greenhouse effect on the Earth, and that two-thirds of this increase have been scientifically documented only since 1958 (Smith, 2011).

When England lived the first stages of the Industrial Era (1800) "the concern" of the global society of the time included "only" one billion inhabitants, which had accumulated after approximately ten thousand years of ancient and modern history. In the case of the consolidation of the preeminence of the United States in the 20th century (1930), the expectant world that witnessed it, after 130 years, had duplicated to two billion human beings. Currently, in the case of the BRICS (2011), we are taking about a compromised future for seven billion human beings that integrate and share a global society that turns out to be six times larger than that which prevailed during the English hegemony, and 2.5 times greater than that which was maintained with the United States. One cannot fail to comment upon the aforementioned that for the year 2050 the global society will be surpassing 9.2 billion human beings, who, just as today's populations, will be in search of their development and welfare. L. Smith comments on this respect that if this "development and welfare" that the countries of the world seek equally were to standardize itself to that which currently only the developed countries have, now in 2011, one would be talking about a need for natural resources that would not be for 7 billion people but for 72 billion people, and that in 2050 this figure would escalate to 105 billion human beings (Smith C., 2011, p. 36) which, by all means, is a future that would be impossible to attain because our planet today does not have sufficient natural resources to offer this level of goods and services to all its inhabitants.

For that reason, upon speaking about the BRICS, or rather, upon scrutinizing the future that is coming, it does not turn out to be more convenient, at least from the point of view of academic criticism, to do so only with the comparative focus of winners and losers, since today like never before the medium and long term future of the global society is highly compromised. We can avoid doing it in this manner, but at the beginning of 2100, then we will be creating the balance sheet not of the new winners of the 21st century, but of the administration of the damages of a broken and failed civilization.

II. The BRICS in the framework of a global economy under construction

The rise of China and the BRICS countries occurs just in the last decades of the 20th century and in the first years of the 21st century, and its result cannot be separated from the lines of transformation and crisis that have characterized this time period. Equally, given the parallelism that is drawn with the economic phenomena that are presented at the beginning of the past century, its review in the framework of these antecedents is obligatory.

At the beginning of the 20th century, before the Great Depression of 1929, the world was celebrating the decade of the twenties. Happily, the class responsible for the control table of the first decades of the 20th century "inheritant" of the post-war period of World War I, was celebrating the development of its insufficiencies and of its economic contradictions that would lead the world to a period of adjustment that lasted more than twenty years (1929-1950) and that had a balance of sixty million deaths (World War II). Or, as other authors point out (Friedman 2007; Hosbawn, 2007), it was prolonged for more than 35 years (1914-1950) with the figure of 100 million victims (G. Steiner). Beyond the different visions, one of the central themes in economic subject matter was that the new global society of the moment, that had passed from a world commerce in the 18th century, from 1% to 5% in 1870 to 10% world GDP in 1929, did not take notice of the new world that the Industrial Revolution was inaugurating since it did not accept individual responses because the action of some of the countries that participated in the new world concert automatically had a bearing on the stability of the other nations. In the same way, they ignored the fact that the inauguration of a new sector of the economy, the industrial sector, would have a direct impact on the transformation of a world society that had been agricultural for the last 7,000 years, to which it had cost an enormous amount of work to re-order its sustainability overnight, in order to orchestrate a new successful industrial sector and dismantle an agricultural sector with which it had cohabitated and generated its wealth for the last seven millennia. The economy and international commerce passed from being businesses for farming goods to a world of industrial businesses when in 1825, 1869, and 1875 the English, American, and French industrial sectors, respectively, had a greater weight in the agricultural sector on their economic product (Attali, 2007). The rural society was transforming into urban and the birth of the new sources of work was giving rise insomuch as the new factories that the permanent industrial innovation was generating were being built. What the world was experiencing in the 19th century and the beginning of the 20th century was not a simple change of paradigms, it was the birth of a new Era, of an industrial society that required a whole new understanding of the administration of the economic life of the "Western" world that was dealing with the new production of goods. This demanded a principle of understanding that this new economic cycle would become sustainable and involved and bound the participating countries. In order to preserve the national economic order, a minimal global understanding had to be generated that made a new worldwide cohabitation possible, which never again could be administrated exclusively behind the national walls. However, it did not occur this way, and despite the economic boom that the new cycle of world commercial expansion generated [the world economy scaled down from 695 billion dollars in 1800 to 27,995 million dollars in 1900 (Frieden, 2007)]; the disarticulation of economic players and sectors moving completely out of sync globally provoked a "disorder" that was evidenced in the first decades of the 20th century. It exploded and the bottom fell out of it abruptly in 1929.

When the Great Depression began at the end of the twenties, the world commerce for goods was taken aback by 70%; unemployment shot up 25%; industry was disintegrated by 30% for a five year period; global production fell 20%; 18 central banks plunged in a timeframe of six months; and in five years 50% of all United States banking disappeared (Frieden, 2007), among other symptoms. However, just as today, the global society of its time first identified the problem as a stock market issue (the New York Stock Exchange fell 12.8% on Black Tuesday, October 29, 1929, and in three weeks lost all that it had gained a year and a half before. *Bierman, Harold.* "*The 1929 Stock Market Crash*". *EH.Net Encyclopedia*), only to be handled later as a mortgage problem [in 1934 in the United States mortgage payments fell behind by 30% (Frieden, 2007)]. By the same token, the loan liquidators of their time (Andrew Mellon) were not in short supply, those who cried out because the governments maintained themselves on the margin of the problem (Frieden, 2007, pp. 305, 241). However, what was evidenced by all of that is that the economic society of '29, as much for created interests as for its lack of capacity to interpret the new times, condemned the generations of the first half of the 20th century to face an economic insufficiency and contradiction that they could no longer resolve locally and traditionally, that demanded, in the face of the new industrial world and as a global consequence, a new manner of attending to geopolitics, the economy, and the world's commerce. After decades of poverty, this was only achieved when two global facts of greater relevance were specified: the first, through the collective agreements signed by the Bretton Woods post-war economic players in 1944; and the second, by means of the recognition that was made by the western economic world of the social rights and welfare of the most deprived. From the referential framework of these two large events, positive economic results begin to be generated for the majority of the countries that participated in this new "western economy" which were prolonged until the decade of the seventies, when again the global contract began to deteriorate amidst the lack of harmony of a global agricultural sector that had been outdated since Mercantilism, an anarchical and predatory industrial sector, along with a rising society of the knowledge that was taking its first steps.

Naturally, along with the aforementioned, an infinite number of political-economic and social vectors that influenced the development of the phenomenon were crossed, but for the effects of the present work, what one attempts to highlight is that at the beginning of the 20th century, as is happening in the 21st century, what has prevailed is society's incapacity to identify in turn the structural historical change that it is experiencing, and its helplessness, interested or catatonic, to resolve it. As far as the 20th century, once crisis erupted, the renovation of global economic thought had to come with Keynes and the precursors of the Welfare State in Sweden and the rest of the Baltic countries, among others, in order to rethink and humanize a capitalism and an economic model that as Keynes said in 1933 "The self-indulgent but individualist international capitalism, in whose hands we find ourselves after the war, is not a success. It is not intelligent. It is not pretty. It is not just. It is not virtuous. And it does not satisfy the needs", adding later in a manner of synthesis regarding the Great Depression of 1929: "The inconvenient principals of the economic society in which we live are its incapacity to procure full employment and its arbitrary and unequal distribution of wealth and income".[2] The aforementioned turns out to be relevant because one hundred years later, and at the beginning of the 21st century, in the framework of the economic problems that are presented and the new economic players that emerge, the causes that Keynes mentions continue to be the same, that is, the high unemployment indexes and a reiterated inequality in the distribution of global wealth.

Regarding the economic insufficiency of the 21st century, despite the multiple symptoms that have been presenting themselves since the seventies, the first stances have been denial toward the sizing of the crisis and to minimize its possible results. Since 2005, for example, as far as the United States is concerned, Thomas Friedman, was already forewarning a colossal economic crisis and suggested that in that moment there was still time to change directions, "not when the typhoon is on the verge of gobbling you up". He also complained regarding this that in the face of the warning of dramatic changes such as the events of 9-11, where a great opportunity for the call to national sacrifice from the United States to resolve the urgent financial, energy, scientific, and educational problems had presented itself, President Bush, instead of urging the people to sacrifice, invited them to go shopping (Friedman T. , La tierra es plana, 2006, p. 270). In 2011, as is known, the economic question of the United States is far from being

[2] The poor of the world increased by more than 50% from 1820 to 1950; passing from one billion to more than 1.6 billion people (Doldin & Reinert, 2007, p. 59).

resolved, although now its escalation has led it from simple concern to internal debate on the possible, "moratorium", of its bulging debt, with the unimaginable international consequences that this could cause.

The perception of the global economic phenomenon has not been easy. Krugman, for example, wonders about the reason for which the economists have been mistaken regarding the nature and dimension of the current crisis (New York Times 11-22-09). In the same sense, Anatoly Kaletsky, in his article, "Goodbye Homo Economicus", wonders, "How many academic economists have had something useful to say about the greatest upheaval in 70 years?" and he condemns affirming that, "The reality is still worse than what this rhetorical question suggests: the economists have not only failed, as a profession, in guiding the world out of the crisis, but they were fundamentally responsible for having dragged us into it" (2009, p. 4). Hikensath and Dougherty denounce again in 2011 that "Two years after the official end of the worst recession since the Great Depression, the recuperation of the United States proves to be one of the most disappointing since the end of World War II" (Reforma, July 2011). As far as Europe, the Manifesto of Terrified Economists points out that "The economic and financial crisis that has shaken the world in 2007 and 2008 does not appear to have debilitated the domination of the outlines of thinking that orient economic policies since thirty years ago. The fundamentals of the power of the finances have not been called into question in any form. In Europe, on the contrary, the States, under the pressure of the international institutions and of the grading agencies, apply some reform programs and structural adjustments that have already demonstrated in the past their capacity for increasing instability and inequalities with renewed spirits. These measures —they predict— are going to further aggravate the European crisis". And they add as a matter of importance: "We are conscious of the fact that the current crisis is much more than an economic crisis. It is also a social crisis that stands out against the background of the ecological and geopolitical crises, and that, without a doubt, comes to confirm a historic break (Askenazy & Coutrot, 2011, pp. 7-10).

In the framework of all this economic transformation a group of four countries (BRICS) appears, that unlike the majority of the occidental and non-occidental nations, present marked growth tendencies, especially China, that appear to be absent from these problems and to orbit in a different economy. Is this so? How does the western economic problem link itself with the success of the BRICS? Is there a new economic model that transcends the economic problems of the 21st century? Is the success of the BRICS reproducible? Is China the new economic model to follow in the 21st century?

Are the development strategies implemented by the BRICS sustainable? On the border of the end of economic certainties and in the face of the obligatory search for global answers for the 21st century, the economic ascent of a group of countries that in theory is encouraging, cannot isolate itself from the conflict a global society experiences in search of a sustainable development.

III. The rupture from the Bretton Woods System and the rise of the BRICS

As was already mentioned, with Bretton Woods comes the birth of a new economic phase (Neoliberalism), which, through the policies adopted and its new institutions, had as its main objective to give order and sustainability to a new economic model, which, although based on the free market, would not commit again the same mistakes that caused its collapse. Without a doubt, the foundation through which the new occidental economic world was reconstructed was as much the financial agreements as it was the new economic measures. Despite the aforementioned, and without diminishing the importance of the rest of the approved measures, the main difference between the pre-war phase of free commerce and that of post-war Neoliberalism was the adoption of a social conscious on the part of the majority of the economic players that were impacted by the profound consequences of the free commerce economy's mistakes from the beginning of the 20th Century. Greenspan explains with respect to this that "…after World War II, confidence in Capitalism was at its lowest point since the beginning of the 18th Century. In academic circles, Capitalism was considered passé. The majority of Europe was captivated with one or more of the diverse varieties of Socialism. Socialists and Communists had a significant presence in the European parliaments at their disposal. In 1945, the Communists won a fourth of the French vote. Great Britain overturned towards a planned economy under its post-war Laborist government and it cannot be said that it was the only one…" "…The recently installed Laborist government nationalized a significant segment of the British industry. In Germany, the social security system, begun under Bismark in the 1880's, was expanded" (Greenspan, 2008, p. 316).

One of the most visible lessons for the majority of the western economies was that staunch Capitalism could no longer operate at the cost of the exploitation of workers; that the work and the capital required a new dialogue in order to maintain the benefits and the purchasing power of the salaries in exchange for social peace. And in this, in a generalized manner, the majority of the economic players were in agreement: some, expressly in agreement such as the western European countries, and others, tacitly in agreement such as The United States and Japan. However, all together they created the modern Welfare State with the goal of improving labor and social conditions for the majority of the workers from the countries that were participating at that time in the new economy and world commerce. By accepting the improvement of salaries and benefits in each of their countries, these international players, both public and private, recognized the competitive conditions, deactivating the so-called "social dumping". Even The United States, the most reluctant in this sense, increased the social benefits of its government from 3.4% in 1947 to 8% in 1975. And "Although often it was recognized that these security net initiatives added substantial costs to the productive and labor markets, with the flexibility that they reduced, the politicians did not judge them as significant impediments to economic growth" (Greenspan, 2008, p. 315). Frieden makes and important comment on this respect:

> The combination of the Welfare State with the order of Bretton Woods seemed to show that the classic Liberals, Fascists, and Communists were all equally wrong: the modern industrial societies could commit simultaneously to generous social policies and Market Capitalism, and to global economic integration (Frieden, 2007, p. 395).

What happened to these agreements? In what moment did this consciousness of Social Capitalism get lost? What is happening with the generous social policies; with Capitalism and global economic integration? What is happening with the theories of Keynes and the American New Deal? What is happening with the economic policy that was committed to social security and labor rights? With the Social Security that was concerned about unemployment, insurance in the case of illness, maternity assistance, infancy, old age, etc.? The spirit of Bretton Woods generated new institutions and new international policies; the most sensible of these was the recognition of social rights as part of a new international economic order (Oropeza García, El Comercio Exterior y la Gestión Aduanal en el siglo XXI, 2009, pp. 131-140). This agreement, perhaps the most relevant of the post-war, is the one that is being broken in the 21st Century, and is one of the main causes of the crisis and global instability of our time. Equally, its breaking has been one of the most important reasons for the economic rising of China, and indirectly for the BRICS phenomenon.

The Weariness of the Western World and the Rise of China

The success and development of China, and indirectly of the BRICS, is born and feeds on, fundamentally, the change that the global economy's established, "economic order", suffered in the last part of the 20th Century, especially from the break of the Bretton Woods Agreement, as well as the "Western world's" weariness and loss of direction.

Regarding the weariness of the Western world, André Glucksmann, in terms of civilization, points out:

> Civilization is a bet. Double. Against he who denies and threatens to annihilate it. Against itself, very often an accomplice or adventurist of its disappearance. The past gets left behind as much in Bangkok as in Rome, the future hesitates as much in Paris as in New York, our errant Planet is converted into an everything, into an unheard of community of hustle and bustle, unified by the anguish of a responsibility shared to the maximum degree. Since Parmenides, Hamlet, and Hiroshima, civilization awakens and emerges in the crossroads of to be or not to be. We are. For each one, his battlefield. When, in the most abject privacy of a conscious, West crashes against West, everything is at stake and nothing is at stake, the mournful ringing for the end of the story remains suspended, the carillon of a new beginning contains its breath (Glucksmann, 2004, pp. 188 and 189).

More objectively, Mandelbaum and Haber, taking China's economic ascent as an example, denounce:

> One day, some sociologist is going to have to analyze the reasons for which in the West —including the elites of the western democracies— there is so much difficulty for seeing and hearing the emerging reality. When all is said and done, it is possible that the westerners, 'didn't want,' to see or hear, and that they close their eyes and deliberately turn a deaf ear (Mandelbaum & Haber, 2005, p. 17).

Martin and Schumann explain it this way:

> The new globalism tries to lead us to believe that all of this is, so to speak, a natural process, the result of an incessant technical and economic process. This is absurd. The global economic interdependence is not in any way a natural event; but rather, it was produced consciously by a policy oriented toward certain ends (Martin & Schumann, 2005, p. 15).

In either a general or particular manner, what we can appreciate is that in the face of the results that begin to accumulate from the breaking of Bretton Woods up to our time, especially because of the deterioration that the Western world suffers in the face of the success demonstrated by the BRICS countries, and especially by China, the western analysts do not agree on the interpretation of the process that has been causing their way of life, or "welfare state" to deteriorate little by little; in the same manner that they do not manage to clarify the "economic success" of the BRICS.

The industrial-technological revolution came to change the nature of the empires or the hegemonies that preceded them. The empires that arose before the appearance of the industrial era, in general terms, were the products of military strength, the result of war between different hegemons. From Great Britain onward, as the first empire that produces the industrialization of the 18th and 19th Centuries, economic predominance was no longer derived from the size of the strongest, but from the one that had the capacity and the "knowledge" to transform different consumables into industrial goods. Of course, Great Britain was a military empire, and in 1815 consolidated its wartime pre-eminence before the powers of its time, but it was the industrial innovations (steam engine, cotton spinning machinery, railroads, etc.) and not the tributes of war that consolidated its economic strength until the beginning of the 20th Century. For the United States, although the first as well as the second wartime conflagration of the 20th Century strengthen and define it was a pre-eminent country, what leads it to unlawfully hold 50% of the world's commerce in 1950 is the innumerable gamut of industrial products (from tires, automobiles, refrigerators, televisions, etc.) that place it as the main supplier of manufactured products during the greater part of the 20th Century. It is the industrialization and not the war that grant the hegemonies of the 19th and 20th Centuries their true economic success and their sustainability for more than 200 years. It is the development and the industrial innovation, also, that provokes the successful transfer of their agricultural economies to industrial models with high employment generation that culminate in a multiplicity of urban services.

In China's case, as absolute leader of the BRICS, with more than 50% of the group's GDP and 66% of the combined total trade, the causes that have generated to date the essential explanation of their success, as the second economic power in the world, only after the United States, with an average annual growth of approximately 10% for more than three decades and with an aggressive participation climbing in world commerce of approximately 10% (ECLAC, 2010) have not been military precedent nor industrial innovation. In China's case, it has not been by luck, nor Waterloos, nor first nor second world wars; however, it is important to point out that their take off did not begin with a third innovation of industrial goods. How, then, does China achieve from 1978 up to our times, the quality world leader for growth? Why is it affirmed by no end of experts that we stand before China's century? How could a country with extreme poverty of 67% in 1978, a GDP of 44 billion dollars, a per capita GDP of 190 dollars, located in the 28th position of world commerce, financially broke, without monetary reserves, and with problems of a hungry and illiterate population of 956 million people (Dusell, 2004), successfully ascend to the place that it occupies today? With all due respect to the talent and the effort that have been carried out by both the people as well as the great Chinese strategists, this could not have been possible without the breaking of the Bretton Woods Model and without the decision of the main western economies to move toward an economy of technological services and an aggressive deindustrialization. As an example of the aforementioned, on the change of path of the United States economy toward an economy of knowledge, T. Friedman, declared with great "faith" before the first crisis of the 21st Century that

> …although frequently thousands of employees in large, concrete businesses remain without work (because this work is subcontracted or moved out), and although this loss tends to occupy the news headlines, bridges of work are also generated little by little or by dozens or by scores in small businesses that are not as visible to you. Often, what is lacking is *a lot of faith* to believe that this is occurring. But it is occurring; otherwise, today the unemployment rate in the United States would be much higher than 5 percent (Friedman T. , La tierra es plana, 2006, p. 242).

As we know today, in 2011, this hypothesis is confirmed inversely, by registering the unemployment in the United States since 2008 at an average rate of 10%.

The industrial displacement of the West toward the Asian continent, in search of greater profit, can be appreciated throughout the second half of the 20th Century; as can its orientation toward a society of intelligence. The latter fact can be registered symbolically in 1956 when, for the first time, the United States employees and civil servants surpassed the number of all the country's workers (Toffler, 2006). As far as industrial migration, this piece of information can be statistically affirmed through the gradual decrease of the industrial countries in world manufacturing exports, where, for example, in the textile sector, 80% of the world participation in 1955 decreased to 47% in 2006, and in the Office Equipment and Telecommunications sector, where it descended from 95% to 48% in the same period. The Iron and Steel industry declined from 86% to 59% in the same 2006; and general manufacturers, fell from 86% in 1955 to approximately 65% in the same period (WTO, 2007). This phenomenon caused, in the case of the United States, for example, from the year 1970 to 1990, that despite the fact that its economy grew 70%, its generation of employment in the industrial sector during the period was non-existent (Cypher, 1992).

As was already mentioned, the global economy, in the framework of a rampant liberalism and an overwhelming industrial development, led several generations of human beings to severe economic exploitation. The military conflicts, the Great Depression of 1929, and millions of deaths, were the cost that had to be paid in order for the new global society to establish the general lines of a more shared development that would not sustain itself in the economic exploitation of the human being. Unfortunately, the economic ascent of China, above all the ascent that corresponds to the period of 1978-2000, is based precisely on the return to the social and labor policies of exploitation of cheap work that that had already been abandoned by the great majority of the countries that shared the Bretton Woods System. In this sense, China's development model begins with an enormous social dumping, and consequently, with the exploitation of millions of Chinese workers, that was proposed by the Asian country and was approved by the West under the argument of "need"; generating a complicity that under different arguments and reasons has marked a strong reversal in the advancement of the collective development of the global worker; again placing Capitalism in front of one of the ghosts that was most denounced by K. Marx, which is that of "pressuring the value of the work to its minimum limit"; which had already been reasonably controlled through the post-war agreements. We witness, then, a movement from production of industrial goods sustained by the exploitation of a cheap workforce of millions and millions of people that China, as well as the rest of the poor countries, called low-cost and we see that they have broken the rules of commercial and economic "cohabitation", that were generally accepted by the western countries since 1950. And in this new framework of development, the global society of our time does not care if the 21st Century will be China's Century or the Century of the United States; what everyone is interested in is that in the line of expectation of winners and losers and that in a new economic exploitation disguised as globalization, the universally accepted social benefits of a labor class do not shatter or return to their levels from the beginning of the 20th Century in the midst of an irrational depredation of natural resources.

It is important to separate, as a cause of the aforementioned, the technological facilitation (offshoring, outsourcing, etc.), the political facilitation (the fall of the Berlin Wall), and other kinds of conditions that have made Friedman's flat world possible, and that have allowed the advancement of a positive globalization that crosses the regions, the countries, their societies, and the people, just as it is necessary to denounce the theory that they utilize globalization as a backdrop where the new labor exploitation is hidden. This boundless and full of questions phenomenon, called globalization, tends to be the screen of justification to validate a new economic model of exploitation instrumented by businesses and countries that have believed that cheap production based on the absence of social benefits and environmental care would only be a new sophistication of Capitalism and that it would not directly affect their societies, which, in the face of the uncontrollable dynamic of their deindustrialization processes, unemployment, financial crisis, and environmental decay, have proven not to be the case.

The breaking of the Bretton Woods System, in relation to the rising of the low-cost "Asian Model" was generated when China received the first millions of dollars from transnational companies in 1980, with the goal of fabricating western goods in exchange for innumerable governmental supports (fiscal exemptions, subsidies, consumables, land, infrastructure, etc.) and with the payment of salaries of 10 cents or 30 cents on the dollar per hour, without any social benefit, of course. In the face of the "success" in the lowering of the costs of the goods produced, more and more transnational companies were begun in the overwhelming ritual of industrial "exploitation" competing to see which company was the most dense, the one that continued to comply with the payment of rewarding salaries and their respective social benefits, or the most advantaged, paying the fewest social benefits possible. In the end "globalization" and precariousness have made a time bomb that has been converted into the central nucleus of the global economic model, that today affects the exploiters as much as the exploited, and that no one knows how to put back on the right track. In China, permanent lawsuits of social vindication (in May-June of 2010, in companies such as Fox Conn and Honda, for example, a "craze" of daily suicides presented itself with the goal of demanding better benefits, which has not stopped;[3] social security is barely applied for approximately 12% of the Chinese population, etc.) are registered all over the country in search of the improve-

[3] Fox Conn is a Taiwanese company that in the face of its, incapacity "to resolve the suicide problem", plans to replace half a million employees with a million robots in the next three years (Reform, August, 2011).

ment of labor conditions. In the western countries, from Spain to Greece or from France to the United States, high unemployment figures (10% average) and the progressive cancellation of salary and social benefit improvements lapidate a model of "Welfare State" through the generation of millions of "indignant workers" that increase in their protest for a decent job. In Latin America, for its part, an informal market (50% average) increases every day, as well as the precariousness of the jobs contracted on the "black market", as a regional response to the "disorder" of the global economy and to the growth of the "Asian" development model. Some authors comment, not with little sarcasm, that the aforementioned process, is reduced to a confrontation between "The Demanding Western Society" against "The ambitious Asian societies of self-sacrifice" (Martin & Schumann, 2005, p. 12), the overwhelming welfare of the developed countries against the poverty and marginalization of millions of human beings, with the added aggravation that in the immediate and near future to which a global society's technological innovation "condemn" us, the enormous differences in income are becoming a worrisome unease in the neighborhood.

We know that in the middle of the seventies, the sustainability of the post-war societies began to weaken, and that the irresponsible developed nations, headed by the United States, instead of again working in search of global solution, dedicated themselves to squandering the expense, which left the majority of the developed countries with enormous foreign debts (80% average of their GDP, IMF, 2010), and public expense deficits (6% average, IMF, 2010). We also know that in their demonstration of profit, they reinitiated an excessive exploitation in the altar of the free market with the pretext of globalization, taking advantage of the hunger and misery of millions of people (currently in the world there are approximately 2.5 billion poor, of which, 1.1 billion people live in extreme poverty, UNDP, 2010). Equally, we know that by 2050 a population increase of approximately 2.2 billion human beings is estimated. Under a simple arithmetic exercise, if the different global players (exploiters as well as the exploited, in conspiracy with institutions such as the World Trade Organization) continue on their position of tolerating and adopting a new modality of the worst Capitalism, the same will happen to the global economy as the Chinese proverb that says, "If we don't change the direction in which we go, we will very possibly end up in the place to which we are headed", which already happened to the global society in 1929.

IV. The relevant role of China within the BRICS group

It is not an exaggeration to point out that the BRICS group is born when China, along with the West, opens its first Special Economic Zones (SEZ's) during the period of 1978-1985, in the provinces of Guangdong (Shenzhen, Zhuhai, and Shantou), Fujian (Xiamen), and Hainan; to later proceed with the infinite construction of a project designed for foreign capital, where Economic and Technological Development Zones (ETDZ), Financial Zones (FZ), New and High-Tech Industrial Development Zones (Touch), Border Economic Cooperation Zones (BECZ), Export Processing Zones (EPZ), etc. appeared. Regarding this, Chi Fulin confirms for us: "The birth of the Special Economic Zones is the most important occurrence within the Chinese policy of openness and reform and the most evident sign of its change in the face of the outside world. Through the last brilliant fifteen years, an enormous amount of information derived from the SEZ's, which have been considered a miracle by the majority of observers, has been accumulated" (Oropeza García, México-China: culturas y Sistemas Jurídicos Comparados, 2007, p. 455). The SEZ's are the ingenious instrument that Deng Xiaoping developed to attract the foreign investment that was required in order to give work to an economically active population of more than 400 million people, the majority of whom were in the countryside, hungry and desperate, surviving the economic failure of the Great Leap Forward and the Cultural Revolution (1959-1976). Based on the support provided by this strategy, during the period from 1995–2009, for example, China received more than 8.5 billion dollars from Foreign Direct Investment (UNCTAD, 2010), converting itself into the second destination for FDI in the world, behind the United States. Its industrial sector, which in 1990 already represented 41% of its GDP, registered an increase to 46% for 2009. In 1980 China exported less than 10 billion dollars; currently, it is the greatest exporter in the world with more than 1.1 trillion dollars in 2009, surpassing Germany and the United States. From 1980 onward, through the development model of the SEZ's and the "cat" policy [that is, following the simile of the Chinese proverb that it doesn't matter what color the cat is (Capitalist or Communist) what matters is that it hunts mice (that the measure generates development)], China became the agglutinating center of the industrial transfer from the Western world to the Asian world. In contrast to the aforementioned, the United States, for example, saw its Industrial GDP drop from 35% to 22% from 1995 to 2010; just as the European Union was witness to its decrease from 29% to 25% in the same period (W.F.B., 2011).

The success of the Chinese development model, mounted on a philosophy of facilitation for attracting industrial FDI, can be clearly appreciated through the increase of GDP/per capita that China has presented, just as the rest of the countries that govern themselves within what we are calling, the low-cost "Asian model" where it appears that this category of countries, from 1980 to 2000, saw their per person income increase by 160%, which represented 120 points more than the developed countries who achieved an increase of 40% in the same period, leaving even further behind the developing countries that do not place themselves in both categories, with an average of 20% (Garret, 2005). Under this inertia of industrial recruitment, it is estimated that China could be covering more than 50% of the world industry by 2030 (Mandelbaunn, Haber, 2005), as a validation of the hypothesis that places the Asian country as the, "world's factory", an adjective that 100 and 200 years ago was directed toward the United States and Great Britain, respectively. In this new dynamic, China is already the greatest producer in the world in 9 of the 16 most relevant industrial sectors; for example, in textile products, articles of clothing, leather, and leather products, China represented 37%, 29%, and 39% of the respective sector of the world added value in 2007. In what are referred to as basic metals, electric machinery, and transportation, it represented 27%, 31%, and 35% of the world added value in the same year. In this new line of pre-eminence and predominance of Chinese products, we also find: footwear (34%), plastic products (18%), tobacco products (51%), non-metallic mineral products (16%); basic metals (36%), etc., being the second world producer in food and beverages, and chemicals and chemical products, among others (ECLAC, 2011). As one of the relevant consequences of the aforementioned, China's commercial balance has exhibited an uninterrupted positive behavior from 1995 to date. In just the period from 2000 to 2009, China has accumulated commercial profits with the European Union of 2.2 trillion dollars, and with Japan of 1.6 trillion dollars. Equally, during the same period, the Asian country has added close to 2 trillion dollars as a result of its good commercial performance with the United States. In the previous figures there is a component of re-exportation of products that pertain to the Western matrixes [United States 24%, European Union 18%, Japan 4%, others 4%, of the total Chinese exports (ECLAC, 2011)], a phenomenon that gives rise to permanent debate, not on the exploitation model, but on the country that benefits the most from said model.

The process above is an important line of explanation of the enormous growth (10% annual average of the GDP) of China for more than 30 years (1980-2010), which was increased more than 14 times in the period, an economic phenomenon that holds no precedent in modern history. It also helps to understand the why of the wealth concentrated in its international reserves, which, at the end of 2010, added up to the figure of 2.6 trillion dollars, which also represented 27% of the World Reserves (ECLAC, 2011).

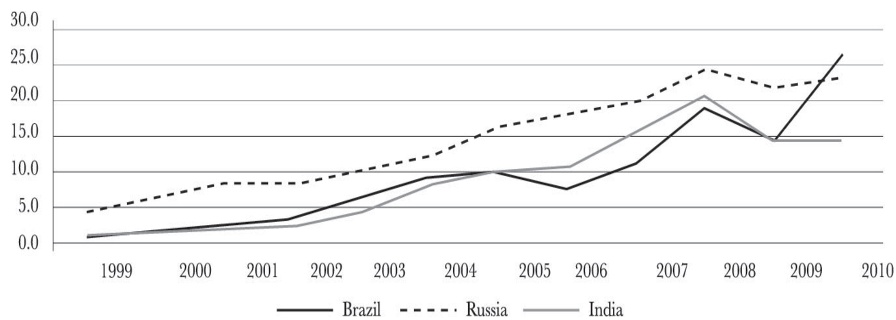
As can be appreciated, the initial idea of facilitating the entrance of FDI into China in 1980 with the goal of generating a factory process supported by the offering of a cheap workforce of nearly one billion people, all needy, surpassed all the forecasts, as much the forecasts from those who inaugurated it as the forecasts of the outside observers.

On this line of approximation it can be indicated that China's economic success has come to transform the world from the economy and global commerce that existed in 1980 and its consequences are part of the debate that is continued today about the implications between a Bretton Woods Model and a low-cost Asian model. However, beyond the positions that can be assumed with respect to this, what's certain is that the same industrial concentrator process from the Chinese model has exceeded, over the course of these three decades, as much its previsions as the raw materials and natural resources on which it counted to produce them, generating with that an inertia that has led it to incite, directly or indirectly, into the economic and commercial life of the majority of the world's countries. It is in this consequence of overflow of previsions where a series of countries appear that have shown themselves to be significant beneficiaries of Chinese success, within which are found the group of nations that make the BRICS project, which count as much on the raw materials that are necessary in order for them to sustain their unstoppable growth, as on the food that a Chinese population that has seen how its purchasing power has increased demands.

China is currently the most relevant buyer on a global level of aluminum (42%), pewter (45%), zinc (43%), lead (42%), nickel (41%), copper (38%), primary steel (35%), etc., and with regard to food, it monopolizes 28% of the world consumption of soybean oil, 23% of soybean grain, among others (ECLAC, 2011). It is in this overwhelming need for raw materials and food on China's part where the BRICS group has found its main origin and synergy. Its origin because China's explosive demand has benefited the BRICS's economies in a relevant manner, contributing with it to the collective economic success that identifies them today; and its synergy because the need and the reciprocal trade benefit operate like an agglutinating force that will be present as long as China's growth dynamic sustains it.

FIGURE 1

CHINESE IMPORTS FROM THE BRICS COUNTRIES, 2000-2010.
(BILLIONS OF DLLS.)



SOURCE. Comtrade, UN.

From the graph above, the manner in which China's growth has derived into a strong increase of its imports with respect to each of the BRICS countries can be highlighted, where for example, in Brazil's case, from 1999 to 2010, the Chinese purchases were increased by 24 times. As far as India, this explosion of imports increased by 25 times, and with respect to Russia, this figure was escalated by 400%. Equally, in the same period China consumed raw materials from Brazil in the quantity of 133 billion dollars, from Russia for 180 billion dollars, and from India for 103 billion dollars, which led the Asian country to become a strategic partner in the BRICS countries' trade activity. Along with the aforementioned, we can appreciate that China's purchase was concentrated in two or three fractions that correspond to primary products. In Brazil's case, soybean and iron represented 55%; with Russia, petroleum and its derived products meant 52%; and in India, iron, cotton, and copper added up to 55% (Comtrade, 2010).

In this synergy of benefit, Brazil, for example, in its quality of "world food factory" has been one of the BRICS most benefitted by Chinese success. When a Brazilian analyst wonders about Brazil's good performance "He takes a breath, and with a slightly theatrical smile he says: China" (Expansión, January 2010). In 1998, Brazil was selling the Asian country a little more than one billion dollars; in 2010 this figure had surpassed 25 billion dollars, making China into the most important trade partner for the South American country. In 2010, China represented 16% of the exports from Rio de Janeiro, with an annual growth of 47% with respect to 2009, and surpassing the second importer of Brazilian products, which is the United

States. China, along with Asia, already represents 28% of the total shipments from Brazil to the exterior (Secex/MDIC). As far as Russia is concerned, 80% of its general export to the world is currently based on the sale of primary products, where petroleum and gas participate with 55%, which provide it with the 37% average of its budgetary resources (Gutiérrez Teresa, 2011), and make up the greatest vehicle with which it has been recovering its stability since the year 2000. Russia is currently the fifth petroleum power with approximate reserves of 80 billion barrels, having a daily export of 11 million barrels. For its part, China, with scarce energetic resources other than carbon, is becoming little by little the greatest buyer of petroleum in the world, with a current demand of 8 million barrels per day on average that are necessary for it to sustain its 10% annual growth. In this sense, Russia, just like Brazil, is benefitting directly from the "Asian model" of development undertaken by China. The case of India, although it is not truly a commodities export country, upon standing out in the sale of technological services and industrial products, is also benefitting from the Chinese model through the growing exportation of goods from products derived from petroleum, jewels and precious stones, food, medicines, etc., which has given rise to a participation of 1.7% as a destination for Indian exports in the period from 1996-2000. For the stretch from 2001-2010, the Chinese market has been elevated to 14% (UN/Comtrade). At the same time, given the parallelism of the two Asian countries with regards to overflowing population and poverty, India has been following closely the "Asian model" of industrial production that China posed since 1980 through the SEZ's, as a manner of bringing work and food to is impoverished rural population, through the authorization of more than 400 Special Economic Zones, of which the country already operates an important number, following the integral support model posed by China.

V. Goodbye neo-liberalism? Welcome market socialism?

In the void that has left the debilitated multilateral "order" above all in economic matters, what has arisen is a principle of economic chaos where the policy of the maximum profit prevails, where the most audacious or the most astute stands out. At this point, it ceases to be relevant who was the first to break this agreement, if it has been developed countries, especially the leaders like the United States, Japan, and Germany, etc., that stopped promoting the updating of a more just and efficient new global economic institutionalization, or the reaction of countries practicing the low cost "Asian model", that in the framework of their social need and their individual application have been moving away from the general regulation of the international organisms little by little, managing a discourse of compliance that operates like a screen to cover irregular economic actions. The aforementioned has turned out to be highly detrimental for the weakened "economic order" of a global society that today lives a disorder to which everyone contributes and that no one takes the first step towards fixing. They cohabitate in this indifference for the established; for example, a leader country like the United States, that with loss of rhythm and of direction does not manage to decipher, nor much less solve, the lines of its grave economic problem (90% foreign debt; 10% unemployment; 10% public deficit; more than 100% private debt, etc., WB and IMF), which finds itself mortgaged and has ceased to be efficient since a few decades ago. Equally, it appears that an important group of European economies (the majority of the European Union's countries), that in the middle of their worrisome levels of debt (90% of the average GDP, IMF, 2010), high public deficits (5% of the average GDP, The Economist, 2011), and destabilizing ranges of unemployment (10% average, The Economist, 2011), have been losing as much the lines of their privilege as of their Welfare State. Along with this group of nations a brotherhood of countries coexists as parishioners; they keep believing in the economic gospel that was instilled in them in the nineties, and they have been converted into the most jealous economic players of the liturgy and of the rite of the free market, but by lacking a high technological development, they have remained in the middle of the disorder without being able to compete, on one hand, with the less developed countries that place themselves in the low cost, nor with the more advanced countries that monopolize the new technological growth. Garret Geoffrey points out about these Nations: "Friends and enemies of globalization, do not realize one of their critical effects: although it has served the rich countries and better the poor, globalization has left the middle income countries fighting to find a niche in the world markets. As these countries cannot compete in knowledge or in the low salary economy, without help, they will remain on the side of the road" (Garret, 2005, p. 99).

It is in the framework of this economic "disorder" that we again find the BRICS countries as a group of nations that in the middle of the confusion and the uncertainty of a global economy, have known how to implement, to a greater or lesser degree, an unorthodox and pragmatic policy that has generated important results up to the present day, and that has placed them as the new leaders of the 21st Century by more than a few economic analysts (Goldman Sachs, Price Waterhouse, Coopers; International Monetary

Fund, etc.) validating with that an economic performance that, in view of its results, invites itself to be imitated by other nations.

China's case is a topic as widely commented upon because of its unorthodox policies as its orphan proposal for the application of standardization measures. Chinese pragmatism has never tried to fool anyone; it was publically defined since its beginning and the West "took advantage" of it, believing that its results would not have the repercussions that are now being experienced. Chinese unorthodoxy was born since 1978 with the vision that a new economic project whose central objective was the search for a development that could resolve the enormous social needs of more than 900 human beings. Deng Xiaoping, at the beginning of the eighties, made it very clear that the new model's objectives were to fulfill the fundamental goods and services of the Chinese people. Deng said: "In this century, we will take two steps that represent the solution to the problems of adequately feeding and clothing our people. In the next century we will take another thirty or fifty years to achieve the goal of the other step, that is, to reach the level that the moderately developed countries in the world have". China's urgency in the eighties was that of not returning to a time in which millions of Chinese died of hunger, which is why Deng urged his people telling them, "We have to be more audacious than before in order to carry out the reform and the opening to the exterior and to have the courage to experience", to which he added, "We should not act like women with their feet tied. Once we are sure that something must be done, we should dare to experience, to break and to plot new routes with it. This is the important lesson that we should learn from Shenzhen. If we do not have a pioneer spirit, if we are afraid to assume risks, if we do not have the energy and the direction, we cannot break and plot a new route, a good route, or carry out something new…". To this end, since the beginning of the eighties he was clear on the road to follow: "Currently there are two productive development models. Insomuch as each of them serves our purposes, we will make use of it. If Socialism is useful to us, the measures will be Socialist; if Capitalism is useful to us, the measures will be Capitalist"; and in the middle of the new unorthodoxy, he declared, so as not to leave any room for doubt: "There are no fundamental contradictions between Socialism and the Market Economy" (Oropeza García, México-China: culturas y Sistemas Jurídicos Comparados, 2007, pp. 447-450).

As we can see, the transfer of wealth from the West to Asia, and in particular to China, has been part of a mechanism in which there has not been ignorance. China declared publically its offer to produce low cost goods (based on a policy of job insecurity without social benefits coverage and without environmental protection) since the beginning of the eighties, through an unorthodox model, in order to resolve the Chinese people's food problems. The West accepted this offer as a topic of "opportunity" generating with it a war of excessive production in search of the lowest cost, in which the economic world lost its judiciousness and good judgment and the path that it had advanced in the last 100 years in which it respects the economic foundation of the new global world. When the "world population's interest" was placed in the pocket of global consumers, the economic world lost its common sense and social responsibility. When the countries placed "national interest" in the cheapest purchasing of its middle classes, without caring about the "how" the nations lost the control and the stability of their development.

From 1979 to 1987, approximately ten thousand investment projects were approved in China with a foreign participation of approximately 2 billion dollars. From 1988 to 1991, the interest intensified and approximately 30 thousand investment projects were authorized with nearly 3 billion dollars. At the end of 1991, both indicators for 42 thousand investment projects, with more than 5 billion dollars, were applied. In 2000, China had 200 to 500 of the most important multinational companies in the world with American, Japanese, German, French, Taiwanese, etc. capital (Oropeza García, China, entre el reto y la oportunidad, 2006, p. 102). This capital was flowing, as was mentioned, through the economic structure mounted on the SEZ's, which, within their strategy of capital attraction handled an unorthodox fiscal policy (fiscal dumping), which, strategically administrated for its exportation or high technology development, made up stimuli that went from total exemption of income tax payments to reductions and preferential tariffs of 10% of the income tax, as well as fiscal reimbursements of 40-100% and a rate of 0% for technological imports (Oropeza García, China, entre el reto y la oportunidad, 2006, p. 300). Equally, on the monetary matter (monetary dumping), from January 1, 1994 until June 22, 2005, China handled a fixed exchange rate of 8.28 yen, as an unorthodox support of public policy for the facilitation and expansion of its exports. This policy, despite the disputes from some developed countries like the United States and Japan, was maintained steadily for more than eleven years, and although in 2005 it began a slight period of adjustment (approximately 20% in 2010), at the insistence of the western "pressures" China continues maintaining a monetary policy at its convenience (40% undervalued, ECLAC, 2011) as a support strategy for its exports to the entire world. As far as its "trade dumping" Oded Shenkar and Ted Fishman, among other authors, take charge of describing in detail the irregularities found in the framework of the WTO. Shenkar says that beyond the considerable progress that is registered in some areas, the violations are abundant and that these can no longer be attributable to implementation problems (Oded, 2005, pp. 167 and 168). He adds to the aforementioned that based on the American Congressional Report on the China-WTO relationship from 2003, a policy of discrimination against foreign competitors is derived, in addition to continuing with the delivery of subsidies to domestic producers who use them to lower the prices in China as well as in the global markets on products that range from machinery and petrochemistry to bio-medicine. In other areas, such as that of semi-conductors and fertilizers, the rebates to the value added tax are applied preferentially to domestic companies, but not to the foreign companies. In the same way, as far as tariffs, many of the Chinese producers pay less than the declared value, which serves as a basis for tax rebates, or even for their cancellation. This is attributed to a protectionist and competitive atmosphere among China's own regions that fight for capital and the sources of employment. It is also mentioned that domestic producers receive preferential treatment not only on tax tariffs, but also on trade and distribution rights; that the WTO commitments with regards to wholesale services and commission agents, offered by foreign companies, were fulfilled with products made in China, but not with those that arrive through importation. It is added that a variety of non-tariff barriers continue to prevail (such as administrative guides) that limit foreign competitors, while the exportation of raw materials and intermediate products from domestic producers is maintained. On the other hand, the formation of new standards in areas where international norms already exist stands out (although it is recognized that China is not the only country to develop measure of this type). It is also demonstrated that foreign firms that wish to enter the sector of retail sales are faced with a spider web of regulatory approvals from which national producers are exempt (Oropeza García, China, entre el reto y la oportunidad, 2006, p. 168). It is equally denounced that the transfer of technology is continuously used as a condition for the approval of investments or for the granting of incentives; and it is lamented that the clause that denied China any kind of pressure of this type, in the original project of adhesion to the WTO, was cancelled. However, it is the topic of intellectual property where the main criticisms of Chinese trade have been centered, in relation to the agreements signed with the Trade Organization. Here it is worthwhile to underline that the "technological expropriation" as Fishman calls it, is a consubstantial policy of the Asian Development Model and has been part of its growth strategies since 1978. From the copying of the manufacturing model that was known in Mexico at the end of the seventies, up to the appropriation and development of the new Chinese technology of the eighties, nineties, and beginning of this century, innumerable cases continue to be presented on the topic of violation of intellectual property that pass through the pharmaceutical industry, clothing industry, electronic, and automotive sectors. As far as the first case, it stands out that the violation of patents with regard to medicines (falsification and piracy) generates approximately 80 billion dollars in losses. The case of the pharmaceutical industry, of a sensitive nature due to its relationship with the topic of health, life, and welfare among rich and poor countries, has been one of the most affected by Chinese informality, since on one hand patent violation is occurring, and on the other, the enormous difference in costs is added up, which results in an abysmal difference in prices where the cost from the Asian country is one tenth, or even less, of that of the developed country in question. Under this equation of informality, consumables are substituted, medicines of different quality are prorated, or cheaper products are simply fabricated with the same formulas (Oropeza García, China, entre el reto y la oportunidad, 2006, pp. 217-220). Finally, in this terrain of economic unorthodoxy one cannot push to the side the important topic of ecological deterioration, or Ecological Dumping, where authors such as Pang Zhonying speak of China's enormous "ecological debt" caused by some facets of its economic success. In spite of its large surface area (9.5 million Km^2) China is below the average for essential natural resources for development. For example, it has only 0.094 hectares per capita of farmland, which places it 40% below the world average; 2.25 cubic meters of fresh water per capita, 30% less than the world average. This situation is repeated in forest, mineral resources, and petroleum, where it holds 20%, 60%, and 11% of levels inferior to the world average per capita. At the same time, its accelerated economic growth has led it to consume 48%, 40%, 32% and 25% of the world production of cement, crude carbon, steel, and aluminum oxide in the world, which has generated an imbalance as much of supply and demand as of contamination. According to statistical data, the volume of the emissions from China's main contaminants has already surpassed the environment's capacity of self-purification. Of its seven hydrological systems, more than half suffer from grave contamination (the Rivers of Huang He, Huasihe and Liaohe, are at 60% of the international line of environmental alarm, and the Haihe River at 90%). Acid rain affects a third of the national surface area. Around 360 million hectares have water losses and soil erosion (38% of the country's land surface), a figure that increases by 15 thousand km^2 each year. Desertification already occupies nearly 20% of the national territory, which is why the problem of environmental decay in China represents a great challenge for its development and an annual cost of up to 8% of its GDP (2007, pp. 59-68). The aforementioned is no more than a brief summary of some of the lines that have been implemented by China in the construction of its economic model; which does not minimize the talent nor the work carried out by China to achieve it, but does intend to underline clearly that a good part this success is born and developed in the framework of an unorthodoxy that does not respect the rules generally accepted by the international community, which, it is worth mentioning, more than tolerating it has fostered it, and today, through Goldman Sachs, puts it as an example of what will prevail through the 21st Century, which is a worrisome message for the rest of the countries that have observed, passive and captivated, on an uneven playing field of "success" of the other.

This "modality" of development has not been far from the rest of the BRICS countries, which, at their own pace and in their own way, have displayed similar economic policies. India, for example, in the face of the success of the "Asian Model" established by China through the SEZ's, to date has authorized more than 400 Special Economic Zones, of which 178 had been implemented by 2005 with an investment of more than 9 billion euros in Kandla and Surat (Guajarat), Cochin (Kerala), Santa Cruz (Mumbai, Maharashtra), Falta (West Bengal), Chennai (Tamil Nadu), Visakhapatnam (Andhra Pradesh), Noida (Uttar Pradesh), Llamdaikulam Madurai (Tamil Nadu), etc.; grouping, as China has done, the manufacturing production in a sectorial manner as is the case with the footwear industry that is located in the Southern Zone of India in the states of Karnataka and Tamil Nadu and around New Delhi, in the States of Haryana and Uttar Pradesh; the textile industry that, in its majority has been placed in India's meridian zone, in the cities of Chennai and Tirupur, etc.; the pharmaceutical sector, in the state of Maharashtra, etc. At the same time, India, just like China, maintains a policy of protection of its internal markets which is made clear in diverse sectors such as the retail market, where, although a greater opening has recently begun to be implemented, the foreign investors have to commit themselves to trading minimum quotas of products fabricated in India. In other sectors such as information technologies, the Government has played a determining role in its development, supporting its export boom through the creation of special economic units designed to agree on all the requirements and consumables necessary for their success, such as the Electronic Hardware Technology Parks (EHTP) and the Software Technology Parks of India (STPI); unfolding along with them a multiplicity of incentives where the following stand out: 100% exemption from taxes in the case of exportation of Information Technology products; the exemption from payment of taxes to software suppliers; exception from payment of taxes in the case of donations, accelerated depreciation of IT products; exemption from tariffs on capital goods, raw materials, components, and accessories for economic units oriented towards exportation; depreciation of 60% in the case of computers, etc. With regards to Agriculture, a sector on which the nourishment of more than one billion people depends, the Indian State unfolds an ample gamut of state supports that range from subsidy for fertilizers; free granting of electric energy; a National System of Minimum Prices, which are announced before each planting season and are determined by the Agricultural Ministry's Agricultural Prices Commission. This system of protection for the producer, in the face of the market's fluctuations, cohabitates with a Public Distribution System that was created to protect the consumers from the excessive increase of prices through the supply of wheat, rice, and sugar, the very products that are the vital crops of the Indian diet. Likewise, these protection policies are reinforced with the Committee's Law for the Commercialization of Agricultural Products, which allows, in the name of protecting the internal supply, export and product transfer restrictions to be imposed among the country's different provinces. The aforementioned, which is no more than a small example of India's unorthodox public policy, is reinforced through the handling of other economic strategies, such as the monetary strategy where the government, in order to maintain the competitiveness of the country's exports, develops a "sterilized" participation (currency purchase in combination with a compensatory sale of public instruments from the Reserve Bank of India) (Nigam, Nayak, Iqbal, 2011).

The comparison of the handling of unorthodox policies between China and India, within the brief framework above, should be given in the context of the particular dynamic that each one of their economies has been presenting. In China's case, for example, since 1978, since its Socialist platform, it publically declared its decision to open itself to the exterior and form part of the international economic community; a posture that it endorsed in 1982, with the enactment of its Political Constitution, in which, for the first time, through its Article 18 "It authorizes foreign companies and other economic organizations or individuals to make investments in China"; in the same way that on July 11, 1986, it presented its formal application to enter the General Agreement on Tariffs and Trade (GATT). However, in spite of the Constitutional change, it was not until 2008, thirty years later, that China enacted the Property Rights Law of the People's Republic of China, and it was not until 2001 that its entrance into the GATT-WTO was approved, which is why from the eighties up to today, in different manners and by different means, it articulated an unorthodox policy that has cohabitated at the same time with an international institutionalization with regards to trade. In India's case, just as with China, since 1947, the year of its independence, it has opted for a Socialist economy, which, based on central planning, five-year plans, and state property, sought the development of its industry and of its countryside. From 1947 to the year 1990 [with Jawaharlal Nehru (1947-1964), Indira Gandhi (1966-1977, 1980-1984), and Rajiv Gandhi (1984-1989)] and through the Indian National Congress, India developed an economic program of state-centered court that had problems satisfying the social needs of the "new" country. In 1990-1991, through a political change and an economic liberalization project that has been implemented in the last years, India, just like China, currently cohabitates as much with a State policy that has prevailed for more than four decades as with a group of free market measures that lead it to the practice of the "cat"[4] economic model, which was explained previously, through which it continues handling an unorthodox and pragmatic public policy that seeks to sustain an annual average growth of 9% of the GDP, which it has achieved in the 2004-2008 period; and if it is possible, to scale it up to 10% or more, in order to surpass China.

Russia, like China and India, and even much earlier than them, begins its economic history with a policy with ample participation from the State. From the Soviet Revolution in 1917 and the formation of the Union of Soviet Socialist Republics (USSR) in 1922, the current Russia was developed in the past in the framework of a Socialist project characterized by five-year plans oriented towards the country's industrialization and the collectivization of the fields; which fails in its intent to contemporize with the Western pre-eminence headed by the United States and falls deafeningly along with the Berlin Wall in 1989. In this sense, the totalitarian economic model of the ex-USSR, after nearly 70 years, succumbs before the insufficiency of its results, as also happens to the Chinese model of Mao Zedong that ends along with his death in 1976 for the same reasons. It is worthwhile to add to these facts the Indian Socialist proposal of 1947-1990 (called the 3.5% Proposal because its projects in the period could not surpass the country's average GDP) because just as with Russia and China, it was also unable to respond, as was already mentioned, sufficiently to the economic needs of its enormous population. The Socialist economic origin of these three countries turns out to be very important, as a principle of understanding their new

4 A Chinese model of Market Socialism that combines the application of both Capitalist and Socialist measures.

economic nature and the handling of their unorthodox and pragmatically cut lines that are currently implementing the construction of new development models, which, in accordance with the name that China itself gives to its strategy, we can catalogue as projects that correspond to a new "Market Socialism". The change has not been easy for any of the three nations because they have had to operate from different platforms since the failure of their results. In Russia's case, in the face of the fall of the USSR, it imprudently opted for a strategy of *shock therapy*, which, under the IMF Model, established an outline of open privatization (*laissez-faire*) that was operated in an abrupt manner in a program that was called the 500 days, which generated a massive closure of companies and a loss of an important number of the State's strategic assets. This model implemented a total opening of its market and free exchange of its currency, which resulted in an enormous debt and a financial crisis that meant the loss of 4.2 times its Gross National Product (GNP) from 1992 to 1996, which represented 2.5 times the total economic value lost by Russia during World War II. This strategy also caused 60% of the population to suffer a fall in their income that would generate 40% of extreme poverty, that only 10% of the population would have access to levels of wealth, and that the Russian economy would fall backward in its development by around 20 years (Mengkui, 2003, p. 19). If the Socialist Model had not been sufficient for Russia, dogmatically following the Neoliberal Model without any prudence and gradualism as China did, led Russia to an economic-political chaos from which it is barely, in recent years, beginning to recover. For Russia, the nineties, in economic terms, represent one of the most traumatic stages that have been registered by any country outside of a military conflict. The GDP in Russia in 1991, after having rivaled with the United States for more than four decades, was barely a third of that of the North American country, and by 1999, had been reduced to one-tenth of what it was. In the same way, the Russian GDP, with respect to that of China, in the same time period, represented one-sixth of its counterpart; one-fourth of the Japanese GDP; one-third of the German GDP; and half of the Indian, English, and Italian GDP's; in that moment, the Russian GDP even became inferior to the Spanish, Brazilian, and Mexican GDP's (Sánchez-Ramírez, 2011). One of the two great powers of the post-war was succumbing to the levels of underdeveloped countries, in the face of its inability to understand the changes of a global economy run wild. Perhaps Russia's case is the most emblematic of the BRICS countries, in the sense that for seven decades it was one of the leading economies of the 20th century, and in the post-war, it competed closely with the United States for almost 40 years in order to achieve the political-economic supremacy of a new world in formation. Not China nor India, much less Brazil or South Africa, had the same privileged situation; from there comes the enormous impact of a country (integration of countries) that at the beginning of the 21st Century had to take an intermediate place in the ranking of the world's economic housekeeping. The difference between Russia, with respect to China and India, is that before the same situation of failure of the prevailing Socialist Model, China, in its case, very prudently opted to go touching little by little "the rocks of an unknown river", which avoided having it fall in the direct hands of the IMF and the WB and having to apply *shock* and *fast track* recipes to its economy; on the contrary, China has always decided on the time, manner, and place of the process of inserting its economy into the global concord. Equally, India, having registered the temptation of the "end of history" advances little by little in an insertion process that places it in a territory of mixed economy. Russia did not decide it that way, and burning the ships that it launched under the leadership of Boris Yeltsin and Yegor Gaidar in a project induced by the worst free market orthodoxy, in which it established without any reservation measures of fiscal austerity, price increases, tax increases, credit reductions, land privatizations, food production and distribution privatizations, the State's industry privatizations, etc.; generating a bitter and terrible concoction that had already "produced" 65 million poor by 1999, whose GDP was barely 55% of what it was 10 years before (Sánchez, 2011; Gutiérrez, 2011).

This history of the Russian economy turns out to be important within this focus on the BRICS countries because, on the one hand, it allows us to appreciate the way in which it inserted itself into the world of Neo-liberalism followed by each of the economies of Socialist origin—China, India, and Russia. On the other hand, Russia's case allows us to appreciate that its enormous failure of 10 years of Neo-liberalism surpasses that of more than seven decades of Socialism, which provoked as much the arrival of Vladimir Putin into power (1999-2000), as the return of Russia to a new kind of "Market Socialism" in which it has been settled since the beginning of the century and that has converted it meaningfully into a BRICS country. Ana Teresa Gutiérrez comments on this respect "…if Russia currently projects itself as a probable power for 2050, this is due precisely to the fact that today's political class in power in Russia rejected the orthodox application of Neo-liberal policies supported by the so-called Washington Consensus". On the new vision of Russia she adds, "The Russian State…clearly understands that the Russians who live in poverty could not survive the demands of the free market, which is why for Putin, the recovery of the Russian economy has as his greatest strategy the control of Russian-Western joint companies over resources and the economy, and at the same time he hopes that the number of Nationalist-cut Russian businessmen grows" ["El Papel de Rusia en el Marco de los Países BRICS" (Russia's Role in the Framework of the BRICS Countries), 2011]. In the framework of global Neo-liberalism, Russia's following of a Neo-socialist economic model does not require interpretations; this has been clearly recognized on multiple occasions by Vladimir Putin. Since his "Message to the Nation" in 2000, and through innumerable public holdings, Putin has made clear his interest in the re-ordering of public policy through the return to a greater participation of the State. Putin reminds the West that "Russia always developed itself as a super-centralized State. This makes up part of the genetic code, of the tradition, and the mentality of its people;" to which Telman Sánchez adds, "The States and the Russian society have conserved similar characteristics throughout the centuries. The full control of the State over the interests of society and individuals; the weak role of the political parties in the course of economic reforms; the absence of independent social classes from the Kremlin's central power; the non-existence of individual liberties, are just some of the characteristics that have varied very little in more than 500 years of Russia's history". For that reason, from 2000 onward, "the new nationalist ideology that was consolidated establishes a consensus around the so-called Russian idea, which is based on the traditional pillars of its culture, knowledge, patriotism, confidence in Russia's greatness, statism and social solidarity" [El Modelo Económico de Rusia durante la última década. Sus Modificaciones y Adaptaciones (Russia's Economic Model during the Last Decade. Its Modifications and Adaptations), 2011]. Russia peers out of the "economic hell" of a badly instrumented Neo-liberalism that breaks with the inertias of sustainability of a new current of national thinking that courted an economic and political reform for Russia, in the framework of its insertion into the global world, which it has not experienced in 500 years. This same failure returns it to well-known territory, from where it had been expelled in 1989, also by a profound economic and political defeat. From this double mistake, Russia has begun a new stage of construction under Putin's leadership, but above all, with the influence of a Chinese model of Market Socialism that combines the application of both Capitalist and Socialist measures (the "cat" model) in accordance with the national interest and the convenience of the Russian State, which, just as with China and India, grants them a very significant differential economic advantage to the detriment of those economies that continue with orthodoxy the teachings of the Washington Consensus. In this new dynamic of Russia's, conditions are improved for foreign investment, just as a state regulation system is constructed; the country's fiscal and financial systems are modernized at the same time that a State intervention is registered in order to regulate prices; the country moves from the integration of the economy toward its global insertion, just as economic sectors are re-nationalized (petroleum) and state agendas are established for national producers, etc.

Brazil's case, in this section that seeks to highlight the congruence between the economic models orchestrated by the BRICS countries, above all in what is referred to as a significant participation of the State in its economic development, holds a relevant differentiation, as much in origin as in content. Although Brazil is the least statist of the BRICS countries, it is presented, on the other hand, as one of the most statist of the continental Latin American Countries. Brazil does not come from a long history like China, India, or Russia, nor does any political phase that has carried it to a State Socialism appear in its recent past; however, in economics, the Brazilian State has been a constant in its economic duty, since its colonial period, in which all the activities developed were sanctioned by the Portuguese Empire, until the most successful period of its economy, from 1930 to 1980, when the average annual GDP grew 6% (from 1968 to 1973 the so-called "economic miracle" occurs in which Brazil's GDP grew by 11% annually on average). Over the course of these 50 years of industrialization, where an import substitution strategy was practiced, the Brazilian State had a direct participation in the support and development of its different economic sectors that sought, in the framework of the global crisis of 1929 and World War II, a place in the integration of a new global world that was violently reordering itself among different players. In this sense, the state participation is developed with the goal of supporting the creation of a national industry that can satisfy, in the first place its internal market, for which it unfolds a series of protection and defense polices for its national businessmen; in the same way, on a second impulse, this support is directed toward its businessmen who attend to the external market. On this last point, the case of coffee is emblematic, where Brazil was the commercial leader for many years, and the strategy and measures taken by the government (from 1931 to 1944, Brazil destroyed 4.699 million tons of coffee as regulatory policies; Peláez, 1973) were followed by other producing nations in defense of the market and of their price. In this "bonanza" period of the Brazilian economy, we find a Leader State that uses all kinds of exchange, tariff, credit policies, etc., in order to promote the country's industrialization; a Regulating State that for the sake of motivating industrial development regulates and contains the worker-employer relationships so that they will not be an obstacle for the central economic objective; a Producer-State that in the vision of a successful and orderly country began to produce a good part of the public services such as railways, maritime transport, water, electricity, communication services, as well as other more specific areas such as mines, petroleum, chemicals, and others (in the most successful state of this public policy 1968-1973, around 231 highly important state companies were created, such a Petrobras, Vale Do Río Doce, Embraer, etc.); and a Financing State where, in addition to the Bank of Brazil, the important Brazilian National Development Bank (BNDES) that was practically converted into a long-term productive credit national entity was created, which, it is worth noting, currently handles an investment portfolio greater than the World Bank (WB) and the Inter-American Development Bank (IDB) combined (Gremaud Amaury, 2010, pp. 572 and 573). Brazil, just as the majority of the economies in Latin America, lives with the success of the post-war period and the construction of a new regional industrialization, supported by a State policy that, along with Mexico, Argentina, Columbia, etc., became relevant in the framework of the new global economy, especially for the attention of an internal market, generation of jobs, and social improvement. At the same time, just as the rest of the region's economies, since the seventies it has become incapable of reordering the model on more sustainable lines, of taking care of its productivity and orientation, giving an indication for the "lost decade" of the eighties that led to Brazil recovering a significant growth of 5% until 2004, the date on which it recommences a new sustainability principle, which, among other reasons, is the one that caused Brazil to be considered as a BRICS country. In the same way as the rest of the Latin American nations, and in the face of the unresolved problems of the eighties, the South American country, under the influence of the Washington Consensus, began to instrument a series of economic changes through different political leaders. With the failure of the Cruzado Plan (1986), The Bresser Plan (1987), The Verao Plan (1989), The Collor Plan I (1990), The Collar Plan II (1991), in 1994-1995 the Royal Plan began under the direction of Fernando Henrique Cardoso, which, among other measures, continued with the dismantling of the mixed Brazilian economy through the privatization of the State's assets, thus forcing the Neo-liberal canon, which is why a Destatization Plan was created that gave priority to 105 public companies from the eighties to the year 2000, and through which the States assets were divested (Gremaud, 2010).

Although Brazil today cannot place itself with the same degree of state participation as China, Russia, and India, an active participation and commitment from the State to its economic development can be signaled as an identification stamp, which, although may currently be less than the average

BRICS, is greater than that of the *laissez-faire-laissez passer* that other regional nations, such as Mexico, Chile, etc., "boast" of having. With respect to this, Alicia Puyana says, "Brazil liberalized its economy, with a lesser degree and rhythm than the majority of the Latin American countries" [Brasil: Mito o realidad (Brazil Myth or Reality), 2011]; which is easily verified as much through the public policies implemented, as through the very declarations of the last Brazilian presidents who have had the task of reestablishing the Brazilian economy in the global development (2003-2010). President Lula Da Silva exalted in his time the "Brazilian Social Developmental Model" and the current President, Dilma Rousseff, without any sense of Neoliberal guilt points that her wish, within the Brazilian Socialist Model, will be stopping the State to make it more effective, "but not smaller" (Economist, November 2009). Under this vision, the participation of the Brazilian State is mainly responsible for the social ascent of 14 million people from 2000 to 2010; it is the State that directly faces the financial crisis of 2008, allowing the State Banks to buy stocks and portfolios from institutions with problems; it is the State that authorizes 3 trillion reals for civil construction; it is the State, that, through the formidable development lever that is the BNDES, put 10 trillion reals of working capital at the disposition of exports that through its Bank of Brazil, placed 4 trillion reals for the purchase of automobiles; the Bank that generated extraordinary support for agriculture through 5 trillion reals; the Bank that gave 2 trillion reals in export incentives; the Bank that created fiscal incentives in order to reduce costs for Brazilian companies; the Bank that has developed a world class petrochemistry industry (Petrobras); an aeronautical company that is a world leader in its industry (Embraer); the State that has 14 Public Banks, 82 Private banks of national capital (2004); it is the State that has 25% direct participation in credit operations (2004); the State that has approximately 50% of credit operations from its Private Banks of National Capital; the State that has the Brazilian Agricultural Research Corporation (Embrapa), one of the most important in the world and a main center of agricultural research and development, which is the impetus for Brazil to be the world's "food factory"; the State that protects its industrialists with tariff borders that range from 12% to 35%, the highest percentage of the BRICS, etc. (Gremaud, Vasconcelos, Baumann, 2010; Barbosa 2011).

It can be highlighted from the aforementioned that 41% of the world population (2.8 billon people): 15% of the world GDP, 15% of the world trade; but above all, the countries with the best economic growth rates (indistinctly) from the last three decades are China, India, Russia, and Brazil. They are placed in a new economic zone of global development that still has not been sufficiently defined, or even accepted by the majority of specialists, who, with the euphemism of "Market Socialism" (China); "Economic Nationalism" (Russia); "Social Developmentalism" (Brazil), etc., begin to identify the lines of the new, pragmatic, and unorthodox post-Neo-liberal economic chore that insists, on one hand, on an alignment of the economy and commerce for the convenience of the international norms and institutions; but on the other hand, reverberates in the chore of a majority of the countries, mainly developing countries, that upon aligning themselves with the global concert in an orthodox manner, play with a disadvantage in the fight for growth in which they find themselves every day. Rubin says, referring to the termination of the developed nations in the framework of the 2007-2009 crisis [The Recession and the plunge in the financial markets have already put our faith in free trade and the freedom of markets to the test. To speak of "The State's intervention" has always sounded very bad, but today it is a paragon of new politics from Washington to Brussels] What is happening? Are BRICS in default? Or have they simply advanced to a strategy that will become necessary? Knowing the playing field is a *sine quan non* condition today for any economy that is worried about its growth. Knowing what rules will apply to the competition has become a starting point for any development model. On the topic of anarchical rearrangement of the production factors, Martin and Schuman say that their lack of control and depth are leading us to a situation of "Save yourself if you can" but add with terrible irony, "It's just that: 'Who can?'" In this sense, the BRICS (as was seen, each country in its own way) are only the launching point of an economic anarchy that on the one hand, sacrifices lambs every day at the altar of the "lowest cost" and on the other, resorts to a direct State intervention in the development of its economy and international trade.

VI. The world according to new trends

Niels Bohr used to say that "To predict is very difficult. Especially about the future". However, Goldman Sachs, in the framework of this anti-paradigmatic beginning of the 21st Century, already announces to us that the BRICS, made up of Brazil, Russia, India, and China, are the new economic, "winners", which places them as the 5th, 6th, 3rd, and 1st world powers, respectively, in 2050, changing the current panorama of the so-called G-6, within which only The United States, in second place, and Japan, in fourth place, would remain by the middle of the century (Goldman Sachs 2001, 2003 and 2005).

The temptation to imagine what comes next, above all in the framework of a cycle that ends (20th Century) and a cycle that begins (21st Century), has always been irresistible for every generation, especially now, in the world of the "end of certainties" where we live, a little speculation that sheds light upon the future is always well received. However, Goldman Sachs, although it represents an experienced economic group, is not the only one to venture the projection of scenarios on the economic world of the future. Different voices encouraged by the economic problems that the global society is experiencing and the ideological neglect that it confronts in the political realm, speculate from different territories on the following topic: what will life be like at the end of the 21st Century; and if today's global society will be able to maintain sustainability so that there can be a 22nd Century and many more centuries. From the eminently speculative manner that Goldman Sachs takes, to the sustainable and worried manner that other authors such as Laurence Smith carry out, the forecasts flow and are put forth for consideration by a global society that observes a little concerned, fearful, cynical, and expectant.

Bounan, with greater commitment to the future, wonders, "Where are we today? Hundreds of millions of men, women and children, concentrate themselves in immense, miserable, megalopolises, surrounded by devastated countrysides. Chemical or nuclear industries, more and more numerous and omnipresent; petroleum originated toxic emissions poison the air, the ground, the water, the food. Industrial cultures, deforestation, hydroelectric dams, provoke a deficient endemic diet and growing morbidity. And these living conditions are imposed and maintained *manu militari* by the transnational organizations that watch over the freedom of merchandise trafficking." (Bounan, 2007, pp. 193 and 194). In the festival of tendencies and figures, these concerns are not taken into account in the economic future that Goldman Sachs draws; although Bounan, on the coming development, denounces that, "The current managers do not have any interest in modifying a social, political, and technological system that turns out to be very profitable for them"; where a global audience appears for their convenience, "that is the clay modeled by the official artists of modern power, which no longer has at its disposal the instrument that would allow it to recognize these tendencies and figures for what they are and judge that representation model that is offered as absolute criteria of truth with validity". (Bounan, 2007, pág. 181). In the middle of this criticism for the "development" of the future, Bounan also risks a possible solution, which comes from the very embarrassment and pride of today's society, which, faced with difficult life conditions, contributes to the reconstruction of the religion of "progress" and its current mercantile-industrial organization (Bounan, 2007, p. 198).

In the same way, from an ecological development concern shared in the 21st Century, maybe the only one possible, Rifkin alerts us "Ironically, the climactic change obligates us more than ever to recognize our shared humanity and our essential, not only superficial, common condition. We are together in this life and on this planet: there is simply no place to which we can escape or in which we can hide, since the entropic bill that our species has generated already affects the entire Earth and threatens to extinguish us massively" (Rifkin, 2010, p. 605). Rifkin adds, thinking about the 21st Century's development, "Maybe the most important question that humanity faces is if we can achieve global empathy in time to save the Earth and avoid the collapse of civilization" (Rifkin, 2010, p. 14). Perhaps in the framework of these essential concerns of the 21st Century, knowing who will be the first GDP in 2050, or the second or the third, passes to the background; giving priority to knowing the "what" and the "how" of these possible results in the sensitive framework of a global society threatened in its collective sustainability. Laurence Smith, also along the lines of concerns about the viability of the 21st Century comments, "Upon imagining 2050, I have already put forward that by then a globally unjust distribution of luck will be glaringly obvious, with some conquering species and many will be losers. Already in these times, the plants and animals of the world are faced with the greatest risk of extinction that they have known in sixty-five million years" (Smith C., 2011, p. 187). As can be appreciated, a vision of the global economy's future, without a principle of concern for the planet, in addition to its evident lack of sense of ethics, also incurs in a practical error since the future projections are going to be determined by the imponderables of a threatened eco-system, an overflowing demography, and an economic globalization without control.

The aforementioned does not expect to qualify or disqualify a priori the BRICS proposal; it intends, yes, to distance it from a superficiality that, based on simple numbers, leads us to a media "race" of winners and losers that decontextualizes its enormous referential framework and the separation of its commitment before a global society that has the right to know today, what we understand, or what we should understand, to be "economic success".

The tendencies of a positive economic development that distinguish the BRICS countries are not exclusive, not even alone in that group. Jaques Attali, joining the vision of the history of the future, expresses that, "Another eleven economic and political powers will rise (as Goldman Sachs points out in 2005): Japan, China, India, Russia, Indonesia, Korea, Australia, Canada, South Africa, Brazil, and Mexico…Within twenty or twenty-five years, all of them will be known as markets or will be on their way to being known. Underneath them, another twenty countries with strong growth will continue suffering institutional shortages, among them Argentina, Iran, Vietnam, Malaysia, The Philippines, Venezuela, Kazajistan, Turkey, Pakistan, Saudi Arabia, Algeria, Morocco, Nigeria, and Egypt. Another handful, of more modest size such as Ireland, Norway, Dubai, Singapore, and Israel, will play a particular role" (Attali, 2006, p. 110). There are also positions that do not even share the future that Goldman Sachs foresees, such as George Friedman who openly declares that China is a Paper Tiger, and therefore he does not believe in the idea that the Asian country is going to be converted into the greatest world power in the 21st Century, (Friedman G., 2009) or mixed positions such as that of Shapiro who sustains that, "The singular force of the United States and China economies, combined with their size, will fix in great measure the path of globalization during the next ten or fifteen years and, with it, the directions that the economy of many other countries will follow" (Friedman G., 2009, p. 88).

As was mentioned previously, prediction is a difficult exercise; in more ways than just getting the different opinions to agree; especially when one lives in challenged times with innumerable uncontrolled factors and serious warnings about the future of civilization. For that reason, speaking of the economic tendency of the BRICS based on the study that gave rise to it, proves extremely insufficient by taking off from an analysis that omits the origin and nature of the development of the different countries that it analyzes, the environment in which they are developed, and the future that each of them will face. The future, according to Goldman Sachs, restricts itself to forecasting the success of its results "provided that": 1. The countries are sustained in a Macroeconomic Stability that achieves, for example, the reduction of its fiscal deficit (which has not been a problem for these countries in recent years, with the exception of India (-4.8% of the GDP in 2011; which does not compare with -9% of the GDP in the United States or -8% in Japan for the same year); 2. That they maintain a strict monetary policy (precisely when the, "flexibility" that China has shown in this area has been one of the main factors for the success of its large exportation, and has caused international clashes with the United States and other Western countries); 3. That The Construction of Political Institutions, such as the Legal System, the Health System, etc., be maintained, which are key for bringing about the economy's efficiency, (when a good part of the success of Chinese and Russian economic models, for example, has been the verticality of their institutions, along with an unfinished Rule of Law); 4. Advancement in the Opening of their Markets and of their Free Trade, in order to achieve a greater development and growth, (when the main characteristic of the Chinese model, and to a lesser degree of that of the rest of the BRICS countries, as was already pointed out, has been precisely their policy of protected, selective opening, with broad State participation; with which they have obtained their important growth indexes); 5. And the improvement in their Education Systems. Apart from this last educational requirement, what the G.S. study does is to recommend, precisely, to the BRICS countries the opposite of what they have been doing to achieve their economic success, pointing out, in addition, that if they do not comply with these development strategy parameters, they will surely not reach the overflowing growth rates that are forecast for them for the coming decades. Of which economy are we speaking? Who are the BRICS? Who do we celebrate? What is the world that Goldman Sachs proposes?

The BRICS are an exogenous invention that is institutionalized under the convenience of a geopolitical market strategy, which, to a greater or a lesser degree, favored each of the five countries that make up the BRICS today. As such, today it is a political group, lacking deep roots, whose future will be conditioned by the dividends that it can yield in the coming years as a result of its political, economic, and social correlations and divergences.

China, for example, is the banner country of the five; the one that gains the least by its association and the one that casts a shadow on the rest of the joining countries through its enormous economic success. As has already been pointed out, without China's boundless triumph, today we would not be talking about the BRICS group. The Chinese success, in contrast with that of its partners, began more than 3 decades ago, unlike the 11 years that Russia has, 9 years in India, and 8 years in Brazil; and the strength of its sustainability (10% yearly average in that period), it is not comparable with the rest of the group's members, that in addition to having barely a third on average of the time that the good Chinese results have, their degree of growth has been significantly less (Brazil 4% average; India 8.4% average, and Russia 6.2% average in their respective periods); that's the reason why the Chinese GDP represents more than 50% of the group (2009); more than 70% of its monetary reserves (2.62 trillion dollars in 2010); more than 50% of the income from FDI during the 2000-2009 period (6.29 billion dollars), and is ranked in the best position of world competitiveness in 2010, in 27th place; 24 places ahead of India, which is the country that follows it (51st place); 31 from Brazil (58th place), and 36 from Russia (63rd place).

China's strength is currently beyond any doubt. From the days in which Deng Xiaoping, Zhu Rongji, Jiang Zemin, etc., pondered over the model to follow in the face of the enormous need for China's opening to the exterior, until today, three long decades have transpired through which China has accumulated enormous experience in the handling of its economic strategy, and the experience from "the experiment" of which Deng spoke, currently, have made it into the most successful economic model in the world. The phenomenon of Western deindustrialization motivated by profit, which, as was pointed out previously, has been the main impetus for the "Chinese miracle" does not take away the fact that Chinese talent has not conformed to being the largest "assembly plant" in the world (which was the West's main idea and the reason for its inability to understand and foresee China's economic overflow) and from this platform, has decided to undertake an enormous challenge in all its sectors, through all the means within its reach, in order to convert itself into what it already is today, the second economy in the world, and into what it wants to be: the greatest power of the 21st Century. However, beyond the successes achieved with regards to growth and development, China will have to face, along with the rest of the countries on the globe, the change of its economic growth formula, which although it did give the country a rate of 10% yearly average increase for more than 30 years, currently can no longer sustain that. The economic success mounted on the destruction of its ecosystem and of the planet; the payment of starvation wages; or the absence of a universal policy on the payment of social benefits, in addition to an ever-growing world uneasiness, is causing China to face a growing protest from its "trade partners" who by means of the WTO, from 1995 to 2010, have made it into the most investigated country in the world with 784 complaints; just as it is the most sued country with 563 lawsuits in the same period. With regards to this kind of growth, since long ago the West has been denouncing: "Only naïve theorists or short-sighted politicians will believe that it is possible, as is currently occurring in Europe, to deny millions of people work and social security year after year without paying a political price for it at some point. It is something that cannot work" (Martin & Schumann, 2005, p. 17); while in China itself, Pan Zhongwang, a 55 year-old steel polisher who works in Zhenhua, arrives at 7:00am and leaves at 11:00pm, and frequently works seven days a week; who lives in a company dorm and earns approximately 12 dollars a day, protests: "Everything is getting more expensive. They should increase our salary" (Reforma, July 2011).

In the same way, in the coming decades China will have to resolve the central topic of its demographic structure, which, currently made up of

1,336 million people, only places 44% of this structure in urban zones, with the resulting problem of retaining the other 56% in the countryside, which has a direct impact on its employment, income, and poverty needs; a situation that will become more delicate if it is considered that China currently has a median population age of 35 years, which will be increased to 45 years by 2050 , with the resulting conflict in young workforce and pensions for older adults. By 2050, China will have 75% of its population in urban zones, with all the challenges that this change implies upon having more than one billion people in the new cities (Smith, 2011). Thomas Friedman says that China is one fifth of all humanity; the greatest emitter of carbon in the world; the second importer of petroleum, after The United States; the greatest importer of nickel, copper, aluminum, steel, iron, etc., and that for this reason it is not risky to say that as it goes for China, it will go for the planet; that if China manages to make a change to renewable energies, there will be greater possibilities for mitigating the climate problem (Friedman T., Hot, Flat and Crowded, 2008, p. 344). This is an essential topic in China's future that the very Chinese bear in mind. Pan Yue, Minister from the Environmental Protection Agency, has been pointing out since 2005 that among China's challenges, the country did not have enough raw materials; that it did not have the necessary land; that its population was increasing and that by 2050 it would reach 1.5 billion people. That the cities continued growing, but the desert zones were expanding equally. That pollution was taking no rest. That acid rain was falling on a third of the Chinese territory; that half of the water in the seven most important rivers was contaminated, while a fourth of the cities did not have access to clean water. That a third of the urban population breathes polluted air and that less than 20% of the trash in the cities is being treated and processed in a sustainable manner. Finally, he added that five of the most polluted cities on the planet were found in China (Friedman T. , Hot, Flat and Crowded, 2008, p. 348).

The insertion of China into the global economy is an irreversible fact that deserves our utmost attention. China is no longer just the assembly line country of the eighties; today, along with the low-cost economy, another economy of innovation and high technology coexists; however, while China maintains its endless reserve of cheap workforce (approximately 800 million people) it will continue intending to operate, at different levels and speeds, its integral policy of Special Economic Zones, as it is currently doing in its central and western territory. For that reason, beyond the happy figures of the GDP's handicap, the Asian country, along with the global society, have the obligation to carry out a reflection and a commitment on what was achieved to date with regard to economics; moreover, on the collective development strategy of the coming decades, which will have to be oriented in a sustainable manner as much by the BRICS as by the rest of the dominant economies; The Tofflers point out on this respect, "And unless The United States, Europe, and the rest of the world understand what is really occurring in China —China hides under a deluge of unreliable financial and economic statistics— it will be difficult to make sense of what is about to happen. What is occurring will, in one way or another, radically redistribute the wealth and rock the planet" (Toffler & Heidi, 2006, pp. 433 and 434).

Russia, for its part, more than thinking about the future, recomposes day to day the lines of its stability and development that ten years of Neoliberal "experiences" left it. Despite the aforementioned, with a basis on its immense natural resources, Russia appears as one of BRICS countries with the greatest potential for the future. As was already indicated, according to the British Geological Service, petroleum and natural gas have a probable life index of 41 and 60 years, respectively, and in the two consumables, Russia appears as the fifth and the first country in quantity of reserves. Speaking of the future, by 2030 it is estimated that there will be a 30% greater demand for petroleum in the world (106 million barrels per day), where Russia, with its 80,000 million barrels of hydrocarbons, will have an assured growth to sustain its development and financial equilibrium. Thanks to Western Siberia, Smith points out, the Russian federation is now the greatest world producer of natural gas and the second producer of petroleum. Equally, Russia has the longest coastline and the widest continental platform in the Arctic Ocean, which will provide it sovereignty over large portions of the seabed and the majority of the natural gas that is estimated to be in the North Pole. Russia is perhaps the country with the greatest natural resources for the future: land, food, water, fuels, minerals, etc.; however, in this promissory future among the main challenges will be that of facing, unlike China, the problem of a decreasing demography: "The Russian Federation confronts the most dismal perspective. Its demography is in free fall: sixteen people die for every ten that are born. Its total population is now losing almost eight hundred thousand people per year" (Smith C., 2011, p. 257). Along with its population problem, Russia will have to work on the construction of a credible Rule of Law in the framework of a new democratic life, that after the economic collapse of the nineties, it will live the challenge of its sustainable restitution or the risk of its change by a tyranny based on the power of petroleum. In regards to this, Telman Sánchez comments, "Russia needs to overcome its current state of weakness and internal crisis, to strengthen the State and to restore its political and economic role in the international system. All these tasks are indispensible and complex for the Russian State, but they should be undertaken fundamentally by means of effort and with the help of internal resources". And he adds, no longer about its future for 2050, but for 2020, "The Russian people could not wait another decade and then watch their hopes be dispelled again" (Sánchez Ramírez & Telman, 2005, p. 263).

India,[5] in spite of its average annual growth of 8.4% in the last nine years, based on is economic opening project, appears as one of the weakest BRICS countries because of its enormous population, economic underdevelopment, and poverty. Despite this small and still uncertain economic boom from the first decade of the 21st Century, the Indian GDP per capita is the lowest of the BRICS countries (1,192 dollars in 2009); and the percentage of its rural populations still presents very high tendencies on a global level (71%; more than eight hundred million people) which complicates enormously its possibilities of generating greater development and distributing it adequately. Due to the aforementioned, its human development Index (UNDP) is the lowest of the BRICS countries (0.519 in 2010), as is its average years of schooling (4.4 in 2010), its spending on health (4.1% of the GDP, 2010), and its spending on education (3.1% of the GDP, 2010). The topic of poverty in India is ancient. According to data from Maddison, India did not experience per capita growth between 1600 and 1870; and from this last year to 1947, it had an annual increase of barely 0.2% (Sachs, 2006, p. 255). In 1960, 33% of the rural population and 49% of the urban population lived below the poverty line with 324 and 489 rupees, respectively (Ramachandra, 2007, p. 467). Based on the reforms at the beginning of the nineties, India achieved an important decrease in its poverty indexes; however in 2001, 35% of the total population lived on less than 1 dollar per day (Chai C.H., 2006, p. 467). In 2009 there are more than 300 million poor people in India, of which 25% live in extreme poverty, which continues to be one of the country's principal future challenges. Equally, India drags behind itself a long history of negative economic results in the last decades, which hang over its future economic project considerably. For example, in its Checking Account, from 1990 to 2010, the country registered losses through 17 years; and in the last period of its BRICS takeoff (2000–2010) it has already suffered 6 negative balances; in the same way the Balance Sheet is negative (-108 billion dollars in 2010). India, just like China, needs to create 8 million jobs annually, and for that, its GDP needs to grow by at least 8% yearly; given that this figure has been reached the last 9 years, India faces the urgency of greater and sustained results in the

[5] Figures from the WV, IMF, and WTO.

future. Frequently, two India's are spoken of: the India of profound poverty and underdevelopment that has not been able to resolve its primary education and food problems, and the India of technological services that in the line of Biotechnology, for example, in the next years could generate 5 billion dollars and up to one million sources of work (Ernest & Young); however, as the Tofflers indicate: "…India knows that it cannot delay a new assault on poverty, and that it will not win the attack only with smokestacks. Nor will it win if the majority of its population continues to be condemned to a low-productivity, rural existence, no matter how much, "appropriate technology", it introduces on a small scale. Nor will a second wave strategy suffice, rather a first wave strategy" (Toffler & Heidi, 2006, p. 409).

Brazil,[6] which is the only non-Asian country in the BRICS (Russia has 70% of its surface area on Asia), holds an inhomogeneous relationship with the group (Baumann, 2010, p. 46); and just like India, has a very recent prominent economic performance (8 years 2004-2009); and less than India, its average growth in the period is the smallest of the BRICS countries (4%). Also like India, from 1990 to 2010, Brazil has had negative results in its current account in 15 of the 21 years of the exercise (71%); and taking the 2000-2010 period as a base, has registered negative balances in 6 of the 11 years. However, Brazil's case, unlike the rest of the BRICS countries whose history of success is the result of a cash out that was registered after a Socialist project without positive results, its economy comes and is nourished, as was already indicated, from a surplus that for 50 years (1930-1980) generated an average annual growth of 6% (Barbosa, 2011), which places it as the second BRICS country with the greatest level of Human Development (0.699, 2010 UNDP); in the same way that it is the country with more health spending (9% of the GDP, 2009) and education spending (4.5% of the GDP, 2005) of the BRICS countries. Brazil is the least open of the BRICS countries (26% during the 2000-2008 period), with a strategic focus toward its internal market; however, the upturn of its growth from the last years is achieved through the export boom that it sends to Asia, and especially to China, where 58% of the shipments are centered on 45% commodities and 13% agro industrial products (2006). When one speaks of the future, one speaks of natural resources such as petroleum, water, land, food, etc.; and Brazil, within its 8.5 million square kilometers houses a huge potential for this kind of consumables where the land, the water, and the food present its greatest wealth. The magnitude that the South American country has from these resources can convert it into the "food factory of

6 Figures from the WB, IMF, WTO.

the 21st Century" which would be in tune with an increase in world need; which is estimated to grow by 70% for 2050 (FAO). Of Brazil's 65 million exploited hectares, there is potential for more than 300 million hectares, which place Brazil, along with Russia, as one of the few countries that could easily widen its agricultural border in this magnitude; which contrasts with the situation that China and India present, both of which today exhibit saturated agricultural borders that do not have growth potential with the most numerous populations in the world and an increasing buying power. In the same way, Brazil is the country with more Total Renewable Water Resources with 8,233 square kilometers / year, which also makes it the first country with this measurement per capita (Rodrigues Diniz, 2011). The challenges of the future for Brazil, in spite of its valuable assets, are similar to other developing countries. Its "Imperial" aspiration, its geography, and its resources have been at its disposal for the last 200 years and for different internal reasons, its project has not been able to consolidate itself in the South American region. Enormous problems of poverty and unjust distribution especially in reference to the country; and to social and political organization, will continue to be part of its agenda; its "dependency" to a large extent on the model and on Chinese success will be a challenge and an opportunity that the next decades will be determining. However, in Brazil's case, as in that of the rest of the BRICS, one of its main challenges will be to make equivalent the lines of its growth to a point in which all its activities and the majority of its inhabitants are favored, in order to avoid the development syndrome of which the Tofflers warn, where "The waves can be found overlapping themselves and displacing themselves in unison: remains of hunters and gatherers that disappear as peasants from the first wave take their lands; peasants that relocate themselves to the cities to work in second wave factories, and cyber-cafés, and rising software initiatives as the third wave arrives" (Toffler & Heidi, 2006, p. 52).

To speak of BRICS is to speak of the future, and in that dimension and that desire, every country should be BRICS, or rather, aspire to be and have a good future.

The ways in which countries and people coexist within the boundaries of the Third Industrial Revolution that Rifkin announced, cannot be equal to the irresponsible economic ascents of the 19th or 20th Centuries; precisely that global village that we have become obligates us as much to respect the success of others as that the successful neighbor achieve his success at the expense of an effort and a creativity that do not rise from the impoverishment of the neighborhood. Jacques Attali says that, "It is today when the world we will have in 2050 is decided and when the base for 2100 is laid. In our hands is the ability of our children and grandchildren to live in an inhabitable world or to have to put up with hell, hating us for it. In order to leave them a planet on which one can live —he points out sensibly— we must make an effort to think about the future, to understand where it comes from and how to act in it, and to make it possible" (Attali, 2006, p. 13). Matt Ridley, puts forward from rational optimism that, "…the human species has become a collective problem-solving machine —which we do not doubt— and that it resolves problems through change." (Ridley, 2010, p. 271). However, the one who annotates the question of the BRICS model in relation to the future is L. Smith when he points out that "The question is not to compare how many people there, or how many barrels of petroleum are left, or hectares of working land, or drops of water in the water cycle. The question is not whether the consumption of resources can or cannot be absorbed by the global ecosystem"; to which he immediately adds: "In my opinion, the most important question is not that which refers to capacity, but that which formally questions the desire: what kind of world do we want?" (Smith C., 2011, p. 336). And in the end, we return to the beginning: The maximum profit, environmental deterioration, and social irresponsibility model that Goldman Sachs exalts? Is it the one we want.

CHINA: THE PACIFIC ECONOMIC MIRACLE

I. INTRODUCTION

> The reform in China is a great experiment that is not found in books
>
> DENG Xiaoping (1985)

Despite its success and widespread diffusion of its results, China's economic reform from 1978 onward is still a topic that is difficult for the Western world to interpret. From its inception, the creator of the model, Deng Xiaoping, warned that reforming modern China was a "great experiment" based on a broad outline and subject to trial and error. While Deng pointed this out in 1985, a trusting, overestimating Western world has not yet completely understood this unilateral declaration from the main author of Chinese success. From the beginning, it told the world that a new China was embarking on the adventure of traveling through unknown paths towards development despite the economic failure of its previous experience (the Maoist Period 1949-1976) and the urgent need to feed around 900 million people (1978), of which nearly thirty million had died of starvation just eighteen years before.

In the Western world, however, different development theories continue to compete between the prevalence of politics over economics and/or vice versa. In a never-ending search for predominance, analysis is frequently complicated, more than clarified, by forgetting that a healthy relationship between politics and economics is inherent to successful economic development. There have been many disputes within economic development theories regarding the different visions that have tried to be imposed throughout the 20th century in search of sustained development. This has occurred in spite of the fact that, as Douglass North points out "…the similarity in the performance of the economies and the persistence of disparate economies throughout time has not been satisfactorily explained by the development economists, despite immense efforts carried out for 63 years. The simple fact is that the theory used is not up to the task"(González García, 2006).

Despite the various formal economic development theories that have appeared since 1943 (Paul Rosenstein-Rodán), the new political group that began to re-think China's growth did not directly incorporate contemporary theories (Clark, Nurkse, Lewis, Rostov, etc.) when instrumenting their initial changes. China was well aware of its enormous economic limitations at the time: limited resources, overpopulation, widespread poverty, a lack of savings, an economy in arrears, ineffectual industry, a lack of infrastructure, limited external trade, an abundant but unqualified workforce, a lack of modern technology and a political crisis, among others. Its failure to fully adopt an earlier model (the Soviet model) led it to believe that reductionism was not the best way to attain successful development. As Oded Shenkar points out:

> The first 27 years (1949-1976) of the communist phase will continue being object of discussion; although little by little the apologists from the period of Mao Zedong are decreasing. However, regarding the economy and politics, there are no absolutes, and although the general results from the period are negative and at times were chaotic, such as the famine that presented itself in the middle of the period, it can be said that within it some lessons were generated for the Chinese model that were greatly useful in its new boom, from 1978 onward. The first theory among them that can be highlighted is the one that detaches from the Great Leap Forward and the Cultural Revolution, which consisted of pointing out the fact that the forcing the ideology of the economy produces catastrophic results, that concrete results for development must be oriented toward this theory. At the very time that it was impossible to continue with the Russian model of investing and creating infrastructure in the whole territory in such a big country with so few resources, the advisable thing to do was to focus the effort on the areas with the greatest potential, in order to later disseminate the results, an experience that has been one of the most important points of the new development model, and finally, that the viability of the political project necessarily requires economic success (Shenkar, 2005).

Thus, talking about China's new development model is not an easy task. Its political environment from preceding years was imbued with intense nationalist sentiment. Its idiosyncrasy and its multilayered past intertwine and confuse observers with their various settings. Its political-economic platform derives from a centralized model and it has recently implemented a market economy. In view of their different natures, all these aspects continue to distort the opinion of a Western world accustomed to dichotomous economic models (Communism-Capitalism) and that as early as 1989 thought could be synthesized into a single model after the fall of the former Soviet Union. In an attempt to analyze certain qualities of the current Chinese development model, it is useful to follow Deng Xiaoping's advice and heed his warning: starting from the premise that it is a "great experiment" that has not been deciphered in important economic treaties. It is an experiment thought out and executed by a group of engineers and it must be seen as something outside familiar paradigms within the framework of the new global order.

The three sections of this paper are as follows: II. Economic Development as a State Priority; III. The Law as Leverage for Development and IV. Evaluation and Conclusion, in order to outline the new development model of the People's Republic of China.

II. Economic development as a state priority

> Development by any means, without altering social stability.
>
> DENG Xiaoping

In the political crisis of the late seventies, China's immediate challenge was to grow at any cost to meet the urgent demands of its people. The previous economic model had already failed and outside China, future growth wavered between the "success" of developed Western economies and an early prospect of globalization that was starting to outline a new order for international development. Thus, the starting point for the first reforms was clearly the need to implement an outward-oriented political-economic system. Deng used all the State's power to design a new development model that centered on increased foreign trade. For this purpose, pertinent parts of Taiwan's economic model were analyzed. It was noted that between 1960 and 1965 its GDP had grown an average of 9.5% while China was unable to go beyond 4.7%. Between 1965 and 1972, when the Chinese

GDP rose only 1%, Taiwan's grew at a rate of 10.1%. Consequently, the Taiwanese example[7] served as a starting point for the economic plan that Deng called "the four modernizations" to attain "economic development by any means".[8] Various trade missions were sent to northern Mexico at that time to see the assembly plant model first-hand. These visits also played an important part in devising the new Chinese model.

A Broad Outline of Deng Xiaoping's Economic Theories behind the Chinese Development Model

In the early stages of reform, Deng Xiaoping would say,

> Once we are certain that something has to be done, we should dare to experiment, to break out, and to mark new paths with it. This is the important lesson that we should learn from Shenzhen. If we do not have a pioneering spirit, if we are afraid to take risks, if we do not have energy and direction, we cannot break out and mark a new path, a good path, or do something new… No one can be 100% sure from the beginning that what he is doing is right. I have never been so sure. Every year, the leaders should review what they have done, continue with the measures that have proven adequate, act immediately to change those that have proven wrong, and face up to new problems as soon as they are identified. (Deng Xiaoping, 1994).

Deng's own life (1904-1997) falls within one of the most chaotic eras of Chinese history. He lived through the end of the Empire (1912), as well as through various revolutionary movements (1912-1949) and the Japanese invasion (1931-1945). During the Maoist Period (1949-1976), he met with different movements, like the Cultural Revolution (CR, 1966-1976), which made him the target of strong political attacks from the more conservative groups.

After the triumph of the Revolution and confronted with different social challenges, Deng's discourse was marked by starting from the current

7 In addition to looking at Taiwan, Deng studied the experiments carried out in Sichuan, his native province, which succeeded in multiplying agricultural production by 79% between 1976 and 1979.

8 The new regime's objective was to attain China's economic development by means of modernization in four areas: agriculture, industry, national defense, and science and technology. Under the leadership of Deng Xiaoping, greater emphasis was placed on them to position China at the forefront of all world nations. John King Fairbank, *China: una nueva historia*, 486 (Andrés Bello, 1996).

situation in order to find new that would take China out of poverty, a course which clashed against the central power's triumph list and dogmatic discourse. In 1957, he pointed out that "Seeing everything through rose-colored glasses and too simplistically is manifest in our propaganda, idealizing the current situation of our country as if there were no longer any difficulties and we only need to enjoy the amenities". He added, "our main task from now on is building, which will be somewhat more difficult, or at least not easier, than the Revolution…" (Deng Xiaoping, 1994). In the face of the challenges of his time he spoke of "learning, of course, from all the advanced experiences of the world, learning how much they have advanced in different parts of the world, including the United States". Although in the fifties, he naturally put the Soviet Union in first place. He likewise recognized that "in China, many national capitalists opened their paths in the midst of arduous struggles, and they know more than we do about business management". This opinion, which grew out of building up a new framework for growth, led to his having multiple enemies and posed serious threats to him during President Mao's orthodox and distinctive "school of thought" for using his discourse and work in the Party to incite the country to follow the capitalist path (Deng Xiaoping, 2002).

In spite of the opposition, he rose to power upon Mao's death. Deng then had the opportunity to put his ideas into practice, which basically stemmed from bringing together three factors: development, structural reforms and political stability. As to this, he pointed out "the solution to all of China's problems depends on economic development", because "development is the absolute foundation and in order to achieve it, it is necessary to insist again and again on the reforms that make it possible". In 1985, he added "all our reforms are aligned with a single objective, which is to remove the obstacles that limit or inhibit the development of productive forces, which, in turn, should be directed toward creating a technological basis for development". Deng's theory always regarded the link between reform and development as something perfectible with time and subject to trial and error; the reform to be applied should aim for the best possible development. Reforms are like permanent public policies that correct everything that does not contribute to development. However, he always maintained that these two premises would not be possible without the stability in the country brought about through social and political balance among its participants. On this topic, Deng Xiaoping declared "If there is no stability, brought on by political disparities, it will be impossible for us to move toward social construction" (Wang Mengkui, 2003).

This simple reform-development-stability trilogy forms the theoretical basis of Deng's development model. Its main challenge was to achieve a balance of the concepts in time, so that their combined effect would translate into benefits and improvements for the different social classes. Regarding this, Deng explained, "the basic expression of the superiority of our socialist system is found in the possibility that the productive forces of our society can grow rapidly, at rates never before seen in the old China, and gradually give us the satisfaction of the cultural and material improvement that our people need" (Wang Mengkui, 2003).

While various reforms for economic and commercial growth were being built around this development strategy, the long-term vision of the project emerged: the knowledge of knowing what is desired and what is possible, and the certainty of knowing in which direction to go. In 1978, Deng Xiaoping said "the essence of the reforms is to build the foundations for sustained development for the next decade and the first fifty years of the next century". He devised a strategy with a view towards the future that he called "the three steps". "In this century, we will take two steps, which represent the solution to the problems of an adequate supply of food and clothing for our people. In the next century, we will spend another 30 or 50 years to achieve the goal of another step, which is to reach the level moderately developed countries of the world have" (Wang Mengkui, 2003).

Deng was a visionary with a great capacity not only to adapt to the new political period his country was entering after living practically walled in, but also to understand the great global transformation the world was experiencing in the late 1970s and to lead China to take advantage of this situation. In 1987, he said "currently, there are two models of productive development. Insofar as each one of them serves our purposes, we will make use of it. If socialism is useful to us, the measures will be socialist; if capitalism is useful to us, the measures will be capitalist". In an unusual approach, he pragmatically pointed out:

> ...there are no fundamental contradictions between socialism and the market economy... The experience that we have gained throughout recent years has demonstrated to us that we could not develop productive forces in a rigid economic structure. It is for this reason that we have been implementing some useful capitalist measures. It is clear now that the correct approach for opening oneself to the world is combining a planned economy with a market economy, to which structural reforms are implemented. (Wang Mengkui, 2003).

This combination of concepts gave way to what we now know as "market socialism".

"Surely the affirmation that the market economy only exists in capitalist society, that there is only a capitalist market economy, is incorrect. Why can't socialism practice the market economy?" (Deng Xiaoping, 1994). This stance defined and revolutionized the paradigm of his central planning model and the theory of the capitalist model was met in the same way. After all was said and done, what stood out was the pragmatic and utilitarian intention of transforming economic models from ends to means. It did not matter whether the cat was black or white, Deng said paraphrasing an old Chinese proverb, what mattered was that it caught mice. He added "there is no fundamental contradiction between socialism and a market economy, 'both are means'". Even today, both (capitalist and socialist) theories continue to seek answers that clearly explain this new model, which has validated itself through the success of its results.

On the topic of structural reforms, Deng indicated in the eighties that "without development, reforms don't mean anything". To that, he added, "to reform was to remove the production relationships and the superstructures that weren't driving the development of productive forces". (Wang Mengkui, 2003). Reform-development, development-reform, this new learning curve drew from successful experiences in the world, a learning process that compared the challenge to crossing an unknown river leading to development that would benefit the people. Therefore, "one should proceed with caution, feeling the stones". To do this, every reform and every development had to comply with three objectives (the three "favorables") to be considered viable and thus be approved. The criterion focused on a*) whether* it promotes the growth of productive forces, *b)* whether it increased the strength of the Socialist State, and *c)* whether it raised people's living standards. A clear understanding of a globalization in its initial stages more than a quarter of a century ago and the implementation of a winning strategy to participate in it contrasts with the lack of direction a number of economies present today.

A General Outline of the Economic Model

The combination of public policies the new Chinese model adopted, regardless of their origin, has led to a pragmatism that breaks with traditional methods of analysis and enhances China's economic results. After the fall of the Berlin Wall, the West consolidated its idea of a victorious free market model that was positioned well above the central planning strategy implemented by the former Soviet Union, which had clearly demonstrated its incompetence when compared to its Western counterparts. In the face of failure, both China (1978) and the former Soviet Union (1989) opened their borders and emerged into the world. The most foreseeable conclusion was that they had to put the neoliberal model into practice and wait their turn in a predetermined economic order. With the difference of only a decade, Russia followed a shock therapy strategy using the IMF model and established an open privatization plan (*laissez faire*) that was abruptly carried out under the 500-Day Program. It resulted in the massive closing of businesses and the loss of an important number of strategic State assets. This model instigated the full opening of its market and the free exchange of its currency, which brought about enormous debt and a financial crisis that entailed the loss of 4.2 times its gross national product (GNP) between 1992 and 1996. This strategy also led to a drop in income for 60% of the population while levels of extreme poverty rose to 40%. Moreover, only 10% of the population had access to higher levels of wealth and the development of Russian economy was thrown back twenty years (Wang Mengkui, 2003). In contrast, the gradual progression, selective openness and comprehensive strategy the Chinese State implemented in its economic development model produced completely different results.

One aspect stands out from among the different paths of learning gathered from the new Chinese development model: its caution in not impetuously giving over to the offer of free market models, as Russia and most Latin American countries have done. In addition to "feeling the stones of the new river", there is the wisdom of putting national interest and reality ahead of the different strategies being implemented without deterring them from inventing new, unproven formulas in the midst of a new free market dogmatism that worshipped the invisible hand of development. Some authors point out that "it is precisely the success of the Asian nations that allows current free market theorists, especially civil servants in the World Bank and the International Monetary Fund, to highlight the goodness of the free market, and, given its importance in the adjustment and stabilization programs, brings about the resurgence of the neoclassic paradigm" (González García, 2006). As far as China is concerned, this idea is not wedded to a socialist market model that benefits from all kinds of strategies, regardless of their origin. The only requirement is that they contribute to its development.

At the 15th Congress of the Chinese Communist Party (CCP), China defined its model as follows:

> To build a socialist economy with Chinese characteristics means developing the market economy under conditions of socialism and constantly emancipating and developing productive forces. We should maintain and improve distribution models based on the dominant work, allowing certain people and certain areas to be prosperous in the beginning so that they can later help others and thus achieve prosperity step by step (Wang Mengkui, 2003).

The new Chinese model is defined, first of all, by its awareness of historic change: that of facing a decision that if it succeeds, it would require its people's effort for around 100 years. It was also conceived as a gradual transition from an illiterate rural country to an industrialized one with high levels in science, technology, education and culture. It would merge its economic future with the favorable aspects of a market economy. It was seen as a historical period in which the free market would not affect its strong socialist system upon which they would build a socialist regime with Chinese characteristics, a socialist economic system and a socialist democratic political system. This last point is the most difficult for Western observers to understand since they forget that throughout the different stages of China's economic development, the State has never stopped taking direct responsibility for the different policies made and this is seen at every step of its burgeoning private sector's contact with Western economy. China never accepted the simplistic concept of the "invisible hand of the market", but has opposed the "visible hand of the State" since its opening. This reflects its commitment and direct responsibility over the success of its sectors, businesses and businesspeople, and is one of the distinctive fundamental elements of the Chinese model.

Instrumenting a Selective Opening Policy

> Development requires getting rid of all the notions that hinder it; changing all the practices and regulations that prevent it, and liberating itself from economic burdens.
>
> JIANG Zemin

The biggest challenge in 1978 was development by any means and at any cost. The direct struggle among internal forces over the opening and the corresponding adjustments were not yet settled and the open door policy had to be handled progressively. Above all, as Deng Xiaoping used to say, it was still necessary to decide on which front the fight would take place against the "flies" entering the open windows of the foreign market, without losing sight of the fact that the name of the game was development, development and more development. China bore in mind the teachings of Sun Tzu to face this challenge: an army that wants to fight a battle throughout an entire territory is doomed to failure; it cannot be strong in everything. Therefore, they launched a policy for each geographic region (Pacific, Central and Western) and decided to allocate greater emphasis and resources to the first region due to its attributes with respect to the Western market. The strategy also enlarged its focus and defined the priority sectors that would receive State support. Thus, the Chinese again adopted the words of Sun Tzu in that, "the place of battle must not be made known to the enemy. If it is not known, then the enemy must prepare to defend many places. If he prepares to defend many places, then the forces will be few in number" (Sun Tzu, 1999). In an initial attempt to give a hierarchical structure to the sectors, Deng started from a broad idea called the "Four Modernizations", which included: liberalizing agriculture, attracting foreign investment, implementing an aggressive export policy and creating special zones. Subsequently, in1981, priority sectors were established under the National Program of Science and Technology: agriculture, energy, new materials, computer science, space technology, genetic engineering, physical engineering and laser technology.

This focus on developing fields of priority economic action is very different from Latin America's strategy in general and the Mexican one in particular. These countries opened their economies and trade in all aspects of their economic chains, losing strength and the concentration of resources in the process. When deciding the battles to be fought, competitive advantage can be gained by concentrating financial, material and human resources in the fields of development selected as the frontrunners of the global competition, keeping in mind that opening all sectors in haste weakens public and private lines of support and disperses State resources and attention. One example of this is the Chinese automotive industry. Designated a priority sector, this industry drew on the State's strengths (subsidies, research, development, education, raw materials, costs, etc.) to become a winning sector, taking it from 200 thousand units in 1995 to over 5 million in 2004 and nearly 10 million by 2010 (CSM WorldWide). This growth logically led to increased vehicle sales (sales increased 75% from 2002 to 2003) and greater growth in its supply chains (in recent years, the demand for steel has grown an average of 20% a year). This policy of preferences has also led to an industrial integration of 70% in the automotive sector; that is, only 30% of foreign supplies is required to produce vehicles. This level of integration is higher in other sectors, such as the electronics, textile and shoe industries, which have gone from 90% to 100%.

By establishing development as the State's comprehensive policy, geographic areas as the wise choice for managing its opening and globalization, and a hierarchical structure of sectors as clear objectives for national growth, Chinese development has gained strategic advantage.

The Creation of Special Economic Zones

> The birth of Special Economic Areas (SEAs) is the most important event within the opening policy and China's reform and the most evident sign of its change toward the outside world. Through the last shining fifteen years, an enormous amount of information derived from the SEAs, which have been considered a miracle by their great number of observers, has been accumulated.
>
> CHI Fulin

In the late seventies, the Chinese model created different kinds of territories or privileged economic areas to concentrate public support in strategic points of its territory while providing them with a differential competitive value that could be identified by foreign investment without being tainted by the huge social, economic and productive inequality in the rest of the country. Therefore, it launched a regional development policy that established Special Economic Zones (SEZs) with the highest concentrations of foreign investment. SEZs included: Economic and Technological Development Zones (ETDZ), Free Trade Zones (FTZ), High-Tech Industry Development Zones, Border Economic Cooperation Zones and Export Processing Zones (EPZ). These international competition zones-regions continue to grant all kinds of facilities and support for the entry and exit of products, especially for technology-oriented ones.

From 1978 to 1985, the first five SEZs were set up in the provinces of Guangdong (Shenzhen, Zhuhai, and Shantou), Fujian (Xiamen), and Hainan. By offering a wide range of public stimuli, new undertakings were encouraged in these areas. An extensive promotional campaign targeting foreign entrepreneurs was carried out so they could form joint ventures with Chinese businesses. In this same period, another six Priority Investment Areas were opened and Economic and Technological Development Zones were established in fourteen cities on the eastern coast. With this policy of focusing and concentrating resources, three "Development Triangles" were instituted to accelerate economic growth in the Pearl River Delta. In the 7th Five-Year Plan (1985-1990), the decision was made to enlarge the SEZs and the ETDZs in the coastal region. The 8th Five-Year Plan (1990-1995), devised the modernization of the famous Pudong (Shanghai) District, which received SEZ treatment, boosting its development with the creation of 15 duty-free areas, 54 Economic and Technological Development Zones, and 53 High and New Technology Industry Development Zones. The support policy for capitals and provinces in the interior was expanded at this time to implement a strategy to gradually incorporate the central area into the thriving development of the Pacific coast, which would continue to remain under the special support public policy. Most notably, this special support policy to attract foreign capital was expanded to include the area of the three gorges (Chengdu and Chongqing). Given the success of this strategy, the 10th Five-Year Plan determined the opening of the central and eastern zones (Tibet, Hubei and Mongolia) to FDI. Fishing villages on the east coast and marginalized agricultural towns in the central part of the country have been transformed into global production and technological research cities, in ten to twenty years.

This policy of focusing resources and forming value chains, along with segmenting geographic areas, defining priority sectors and creating special economic areas, has yielded a high level of competitiveness from Chinese producers, who have easily surpassed those from other countries. This concentration of strategic assets can be clearly appreciated in cities like Shang Yang and Nanchong which manufacture around 8 billion pairs of socks a year; Xiamen, 225 million pairs of jeans; and Suzhou, 300 million of ties. On the other hand, businesses like Hon Hai Precision Industry Co., the main contract exporting company of electronic appliances in the world, are true manufacturing units with nearly 500,000 employees.

The idea of a countrywide boom in such a large territory with an overwhelming marginal population would have led to the failure of any development plan opted for "all together, at the same time" growth. Criticism of the Chinese model's privileging certain areas at the expense of others overlook this. This development model, which begun on the East Coast for its geographic location and facilities for exporting, has extended over time to the central and western areas. In view of its success, migration from rural areas to urban areas has become a permanent labor phenomenon with the more than 300 million jobs the model had created by 2006. For Deng Xiaoping, economic advancement would be progressive and the wealth and development in the Eastern-Pacific area would spill over to the central and western areas, representing one of today's greatest challenges to China's political-economic stability. To guarantee the institutionalization of this policy, the "Law on the Promotion of Development in the Western Area" was passed for the 11th Five-Year Plan of the National People's Congress. These 50- and 100-year regional government investment strategies have already started by prioritizing 50% of the industrial value of state-owned businesses in 2002 (20% more than in the Eastern Zone), and 53% of their fixed-asset investment for that same year (14% more than in the East). A specialized financial policy for the area (banking, loans, development funds, etc.) has been added, as well as more aggressive social policies (Chi Fulin, 2006).

With China's entry into the World Trade Organization (WTO) in 2001, preferential treatment to the different kinds of strategic zones has been losing the impact given to the first SEZs. Even then, China continues granting SEZs preferential treatment in its public policy, especially seen in the different facilities given to central and western provinces. In an atmosphere of free competition, these facilities rival in their offering of qualified personnel, technical innovation, and a business environment, among others.

On the other hand, international pressure and the institutional commitments signed in this century have made China's latitude with SEZs more difficult. However, China will clearly not stop using this strategy although with some adjustments along the way. As Jiang Zemin pointed out "SEZs should be developed during the entire course of the construction of modern socialism" (Gao Shangyuan & Chi Fulin, 1997), that is, for at least 100 years. Chi Fulin, one of the main economists and ideologists behind the Chinese model, has also stated that the experience gained from SEZs will be of great help and exemplary importance in future reforms to the model, which are quickly turning toward a market economy. However, he adds, it will be necessary and even obligatory for the SEZ economic policy to continue as intact as possible (Chi Fulin, 1996). The dynamic changes in the Chinese economy unravel within this frame of reference: compliance with international commitments (WTO) and internal advancement toward Rule of Law on one hand, and the challenge of upholding an economic model that has maintained and privileged direct State participation in different economic stages and processes for 30 years on the other. This has given it an edge over competition from other countries, such as those in Latin

America that began their extreme withdrawal from State models in 1980. In this Statemarket challenge, despite China's important legal advancement in economic development, direct State participation in economic processes does not entirely disappear. On the contrary, it continues to steer the model toward the center and west of the country by sustaining SEZs and special policies that motivate and support sustainability in the eastern area and new development in the center and west. Company classifications ("encouraged" "restricted" and "to be eliminated") are still in effect to determine the financial and tax support that allow them to develop and compete internationally. The State continues to hold direct shareholdings in "strategic industrial" sectors (military industry, power generation, petroleum, telecommunications, etc.) and in so-called "basic industry" areas (machinery, automotive, technology, etc.). It also has reduced and slowly "corporatized" their participation in state-owned enterprises (SOEs), or maintained certain prices under State control (approximately 4%), or continued to keep the price of utilities (water, electricity, gas, etc.) below normal to support local or strategic businesses. Furthermore, it has sustained tax rates and development policies for companies in certain geographic regions or sectors that are still considered of national importance, such as those in research and development.[9] These are only some examples of a China that advances in compliance with its international relations and another China that continues to privilege growth strategies that give added value to economic development, though not entirely in line with global business regulations.

One of the main virtues of the Chinese model is that it changes at all times. Its flexibility and ability to adapt to new challenges place it at the forefront of the world economic scene. The 1980 Chinese model, weighed down with cheap manufacturing, is very different from the model of the 1990s with its intense electronics and technology exports. The 21st century model already shows a very solid outline, both in the strength of its exports and in the emergence of an internal market that did not exist in 1980.

Priorities have also undergone changes. The model has now shifted its strategy toward the center and west of the country, combining new and old formulas aimed at giving China more stable and homogenous growth. Both the new Corporate Income Tax Law (2008) and the Contract Labor Law (2008) have further strengthened workers' regulations. Both regulations form part of an economic development reorientation strategy, since the eastern area has started to reach the same levels of tax and work envi-

[9] United States International Trade Commission: China Description of Selected Government Practices and Policies Affecting Decision-Making in the Economy, 2007.

ronments as the Western market. By discontinuing some of the attractive tax and labor benefits from the eastern area, companies and investments are encouraged to move to the central and western areas of the country, which are a waiting to take part in China's economic success. This is a significant change since, for example, nearly 80% of the manufacturing companies located in the Pearl River Delta are based on a low-cost business model. With these measures, companies will either survive with low profits, shut down or move to more advantageous areas with cheap labor, as they did 30 years ago in the same Delta region. As to this, the vice-president of the Taiwan Business Association in Dongguan pointed out, "no one wants to leave, but we are forced to move due to the vertiginous growth of costs" (Interchina Insight, 2008). In spreading out businesses as a result of the adjustments made to the model's inherent strategy (along with a devaluating exchange rate, international pressure from the WTO and the very success of Chinese trade), the Federation of Hong Kong Industries, one of the main participants in the area, estimates that 37% of its 80,000 companies have planned to move some or part of their operations outside the Delta. The Asian Footwear Association says that about 50% of its manufacturing centers will move to interior provinces while 25% have chosen another Asian country and the remaining 25% will wait and see. Authorities anticipate that technology manufacturing plants in the eastern area will prompt the sustainability of cleaner and more advanced industries in the fields of technology or research and development. Bearing in mind the experience and success attained in the Pacific, they expect to reproduce the 1980 and 1990 models in the central and western parts of the country with provisions for investments and more relaxed regulations.

Given its enormous success in China, this policy of preferential customs duties, meticulously applied in the 20th century and selectively applied in the 21st century, has brought about changes in global public tax policies and has even put pressure on tax application strategies in some European countries, which in recent years have seen the advantage of lowering income tax rates to maintain a level of competitiveness to in turn attract international capital. For example, in May 2004, France and Germany decided to reduce their corporate taxes to stimulate employment. In Mexico, global competition has compelled it to implement an income tax reduction policy, which went from 35% in 2000 to 28% in 2008. However, both in Europe and in Mexico, the measures applied correspond to a general economic inertia that makes no distinction between sectors, products or regions, as the Chinese model does. In consequence, the effectiveness of the measure decreases its application levels, its focus and its precision.

Since 2001, China has suffered international pressure to stop applying this kind of special support, commonly known as "tax dumping". Although China passed a new Corporate Income Tax Law in 2008 that already considers to progressively homologate company rates by 25%, this same law still includes a series of special discounts, such as 20% of applicable tax for small businesses with low profits, 15% for high-tech businesses, tax exemption for environmental protection businesses and "lower duties in general", which is completely discretional for venture capital businesses in State-motivated investments. Businesses with agricultural projects or in the central and western areas will continue to receive preferential customs duties for both income tax and sales tax, which may be fully extended in these cases (17%) (Annual sales tax evasion in China is estimated at 45% of the total collectible amount).[10]

The current strategy of raising China's Foreign Direct Investment (FDI) is not the same as the one instrumented in the two previous decades. The National Commission for Development and Reform and the 11th Five-Year Plan 2006-2010 have pointed out that the priorities have changed from quantity to quality, giving precedence to high technology, research and development and high added-value sectors, which are advised not to resort to intellectual property rights arguments to frustrate China's pursuit of innovation; that is, that they be willing to share technology. Services within strategic and national security sectors have been opened up to FDI, closely watching the impact wholly foreign-owned enterprises (WFOE) might have on China's economic security and particularly on its industry (Interchina Insight, 2006).

Investments in China's central, western and northeastern regions are encouraged and an expected 80% of the new FDI is destined to these areas. Foreign investments with low technological content, high natural resource consumption or highly contaminating activities are prohibited (Interchina Insight, 2006). In summary, China has gone from giving many facilities in the 1980s and 1990s in the early days of FDI in China (1978, scant FDI records) to a selection program that limits or prohibits unwanted investment and is moving toward a new elitist FDI centered on technological value and the region where it will be used. Despite these limitations, the amounts obtained have not decreased with 75 billion dollars recorded for 2007 (World Bank). The recent legal changes in the eastern area, along with new FDI criteria for entry into China, come together in a clear strategic line, demonstrating that after 30 years the "Deng" model with Chinese characteristics is still applied.

[10] United States International Trade Commission *supra* note 21, at 67-69.

Long-Term Vision

China already knows what it wants for the year 2020 and has a plan to achieve it. According to its Economic Development Plan for 2020, its goals are to quadruple its GDP, grow at an annual rate of 7% and reach a GDP per capita of US$4,000 to US$5,000 for roughly 1.5 billion people. It foresees 50% of its exports being made up of high tech goods. Finally, it contemplates implementing an internationalization program to position 50 transnational companies, 500 medium-sized companies and 5,000 SMEs in the world market by the year 2015. In 1953, China began its long-term programs with its 1st Five-Year Plan, drawn up under the guidance of the then Soviet Union and privileging heavy industry and the agricultural sector. To date, China has continued to plan ahead, as evidenced by its 11th Five-Year Program (2006-2010), which stresses the importance and responsibility of civil servants. This program will be evaluated not only on the country's success in economic growth, but also on the progress made in social development, education, environmental protection and job creation. This general and systematic policy of working towards long term goals is enhanced by special plans for specific topics, such as technology, income distribution, poverty reduction, etc., based on the State's development strategy. China has reached the point of planning 50 or 100 years into the future, as in the case of development in the western area (Oropeza García, 2006).

The use of time and space is an intrinsic part of Asian culture in general, and to China in particular. Incorporating these variants into the development model and its business strategy has given China a competitive advantage over most developing economies. Most Latin American countries —Mexico included— do not have an economic objective for 2020, just as they lack clear strategies or specific plans to achieve it. There is still a notable absence of planning that lays down a public and private policy derived from each country's strengths and aptitudes that could be successful within the framework of global competition. The only discernible route taken into consideration is generally found in the commitments established at the Millennium Summit for 2015. During this summit, goals to reach for certain rates of human development and social improvement were set. To date, China is the only country that has attained them. In Mexico, however, the political power struggle (executive *vs*. legislative) along with short-term out-dated government criteria have brought development expectations to an immediacy that is not compatible with a policy for a project that evolves, like that needed in the technology sector, for example. China already knows which technological products it will incorporate next into its export platform, just as it has already defined what will be produced in given regions or areas of the country and when it should be achieved. Comprehensive long-term vision is a lesson that could be of great use in Latin American public policy.

State-Owned Enterprises

In 1980, state-owned enterprises (SOEs) made up approximately 99% of China's productive sector, a logical result of a central government. Under its various connotations, this sector had lessened its participation in enterprises to 8% by 2007. Given that it provided 18 million jobs in 2006 its strategic importance in the industrial sector is far from diminishing (China Statistical Year Book 520, 2007). This important diminution of State ownership, especially in the last two decades, was the result of adopting the new economic model, which coincided with the arrival of foreign capital that gradually replaced state-owned companies. At the same time, the State privatized its public companies locally, mostly from 1990 to 2000, by offering executives and workers from medium and small enterprises the facility to acquire these companies.

The strategy the Chinese State implemented has followed a gradualist policy since its inception. Hence, it has privileged privatization, activities that produce increased exports or yield an apprenticeship in technology or some other area that gives added value over non-strategic sectors. Within this process, the State always assumed the role of referee for the different interests involved and balanced out privatization, foreign investment, strategic sectors and the strength of the development model. In contrast, there was no gradualism in Latin America and Mexico. On the contrary, most Latin American countries established a competition to see who could liquidate their public assets first. The different results of the two strategies are obvious. China emerges as a modern State with considerable economic power and large public enterprises, in addition to a private sector that has been converted into the basic force behind exports, technological change and the implementation of best management practices. In other words, by privatizing and opening up to trade, China consolidated a growth strategy that has positioned it today as one of the most successful countries, setting the pace and new paradigms for the entire world.

Latin America in general displays weak states in terms of its industrial chain, having lost important public assets whose proceeds were used for dead-end developmentalism or an increase in current spending. Between 1990 and 2000, most Latin American countries handled their privatization processes anarchically, without any strategic orientation that would allow them to select the goods to be privatized beforehand based on a long-term development plan that would strengthen their economic model. Although there are a few exceptions like the oil and electric industry in Mexico, the sale of public assets, which included industrial, banking, services, or electric industry companies, transpired under a formula of international demand and not a systematic offer from the State (a process that was not exempt from acts of corruption). Unlike China, State privatization in Latin America did not promote the political or economic growth of the participants. On the contrary, because of its deficient implementation, Latin American nations are now less able to fulfill the task of promoting economic growth, social development and the preservation of public order.

Privatizing millions of enterprises or going from a central planning economy to a mixed market economy has not been easy for China. The State has confronted many problems and contradictions during the process of implementing "Market Socialism" without any historical reference at all. Which enterprises are non-strategic? How can national interest be safeguarded? How are the resulting monopolies to be administrated? How can corruption be prevented? How can a SOE legally be on the same level as a private enterprise? How can local SOEs be transformed without resistance from the provinces?

Today, the process is far along, but it is a long way off from the finish line. To begin with, a countless number of company categories still exist in China. However, according to Ministry of Industry and Commerce statistics, in 2006, there were already close to 5 million private enterprises in the various categories employing 52 million people, which represents 57% of the companies in the country. Despite the importance of privatizing, the Chinese strategy clearly indicates that progress made in the market economy or in the privatization of its assets is secondary to national economic interest. For example, the 2007 assessment report on the reforms carried out by China indicates that, "…experience has shown that in the context of economic globalization, a passive resistance to foreign investments turns out to be counter-productive…" adding that "in the current situation, the excessive relaxation as far as an irrational placement of the State's assets in the productive sectors should be halted",[11] to such a degree that, even

[11] 2007 Evaluation Report on China's Reform 83 (Chi Fulin ed., Foreign Languages Press, 2007).

with privatization, State-owned enterprises continue to have very strong participation in strategic sectors, such as gas and oil, where the State controls almost 100% of the area, 100% of the basic telecommunications services, 55% of electric energy generation, 82% of civil aviation, 89% of water, 50% of automotive production, 60% of the steel industry, 70% of the hydroelectric industry, etc. At the same time, SOEs have increased productivity over time, quickly adapting to more intense free market competition, drastically increasing its annual profits from 1.46 trillion Yuan in 1998, to 19.50 trillion Yuan in 2006 (Jin Bei & Li Gang, 2008).

Industrial Policy

> The strategy of low prices on finished industrial products within the Chinese domestic market inevitably has been spread to the international market. This can provoke phenomena associated with the current industrialization stage in China, such as antidumping lawsuits, a large-scale trade surplus, reevaluation pressures for the RMB (Ren Min Bi, currency of the People's Republic of China), as well as a hollowing out of the industry in some developed countries and neighboring countries as a result of the industrial transference. Fundamentally, these phenomena turn out to be imbalances in the economic trade relations, caused by the irrationality of the world economic order. They are also manifestations of the competitiveness of the Chinese finished industrial products, which have been moderated by the market competition between the 'good and the cheap.' (Jin Bei, 2006).

In 1978, internal credit in China's State banking sector represented 51% of the GDP. In 1985, it rose to 67%; in 1990, to 87%; and to more than 100% in 2000. Although the significant increase in these flows put an end to most of the corruption that had arisen from granting loans arbitrarily and fraudulently, its main aim was to transform an obese, inefficient industrial sector. The goal was fully reached when its participation in the economy rose from 40% to 50% over a period of twenty years. However, what was more important was the financial facilitation of the cost of its learning period, and later that of its industrial reconversion period and the development of a modern, efficient platform of goods and capital that today sustains the priority sectors. Such is the case of the automotive sector, in which 50% of the machines and numerical control instruments used in these factories are already produced by Chinese companies. In addition to preferential, there was also a tariff subsidy and duty-free benefit strategy that opened up machinery and capital goods imports exempt from any payment whatsoever to cover part of the learning stage. To date, the machinery for high technology sectors or priority sectors are still exempt from import tariffs or restraints. Moreover, strategic industrial lines were backed by monopoly policies in the internal market and access to international financial markets were established. SOEs were given priority treatment in the metallurgic, transportation equipment and chemical industry sectors, as was foreign investment in textile and manufacturing, electronics and telecommunications exports with the opening of the market.

When one speaks of the "world factory", one thinks of the 30 or 50 cents on the dollar per hour paid to the Chinese workforce. Although this cost is a strength (both for China and all developing economies), a comprehensive public strategy that transforms a weak manufacturing position into an internationally competitive productive activity is required to make it possible for this workforce to give added value. This change can be clearly seen in the composition of the Chinese industrial sector, in which manufacturing-assembly lines went from representing 90% of it in 1978 to 70% in 2002, despite a significant increase in the industrial sector's GDP for the same period. Just as in-bond assembly and the agricultural sector lived through the Asian development boom, the trade surplus generated by mature 100% Chinese manufacturing branches, such as the textile and clothing, toy, sports, footwear and furniture industries currently provides for the new technological sectors that have yet to generate surplus balances, such as electronic, medical-surgical, electrical material and photographic equipment sectors, etc., or lack supplies like fuels, minerals or steel (Oropeza García, 2006).

Industrial policies in China and Latin America (including Mexico) have followed different patterns. With mercantilist pragmatism, the Chinese model first focused on opening by exporting manufactured goods made by its ample workforce and then went on to flexible specialization with strong state investment. This led to setting up labor intensive industries such as textiles, clothing and electronics, and later moving on to heavy industries (steel, petrochemistry, vehicles, aeronautics) and now to high technology. This process was accompanied by a strong boost to infrastructure for development and important resources in innovation and technological development with high rates of internal savings and investment. This model followed a gradual and progressive path that made it possible for them to learn from their own experiences.

The Latin American industrial model, however, came about with an almost complete trade opening without possessing the experience to administrate it properly, and with an extreme lack of State involvement. This left the national production chain at the mercy of free market forces. Jin Bei points out that "[t]he most powerful driver of the market economy is competition, which generates efficiency, promotes growth, and creates well-being". However, he adds,

> ...this market mechanism does not intrinsically have the ability to reach balance, security, and automatic innovation, and it is not in itself a mechanism that distributes the fruits of industrialization to all its participants. On the contrary, the competition of an imperfect market will always generate great disparities, even chaos, crisis, and polarization, creating an undesirable situation that is contrary to the accepted human values and that goes against long-term national interest and its basic values…

Which is why "in summary, the industrial development strategy of a country will always be based on rational and national factors that include factors such as nationalism, ethics, and many other cultural values" (Jin Bei, 2006). National interest is precisely what some Latin American countries have lost on their way to the free market. It is also marks the big difference with the Chinese model, which is based on the basic principle of regarding national interest as a priority. Therefore, China has always been on the side of its companies and industrial projects in both its internal market where it has successfully increased the production of products selected every five years and in its external market where its participation in world exports was only 0.8%, in 1980 but reached 5.3% by 2001 to be surpassed in 2007 with 6%.

INDUSTRIAL GROWTH (1978-2006)

Industrial Product	*1978 Production*	*2006 Production*	*Industrial Product*	*1978 Production*	*2006 Production*
Automobiles	0	3.8 million	Chemical Fibers	280 thousand tons.	20.7 million tons.
Washers	0.04	35.6 million	Beer	400 thousand liters	35 million liters
Refrigerators	2.8	35.3 million	Water Energy (100 million KHW)	4.4 million	43.5 million
Air Conditioners	0.02	68.4 million	Paper	4.3 million tons.	68.6 million tons.

Industrial Product	*1978 Production*	*2006 Production*	*Industrial Product*	*1978 Production*	*2006 Production*
Cellular Phones	0.0	480 million	Sulfuric Acid	6.6 million tons.	50.3 million tons.
Micro computers	0.0	933 million	Chemical Fertilizers	8.6 million tons.	53.4 million tons.
Clothing	1.1	5.9 million	Ethylene	380 thousand tons.	9.4 million tons.
Color TV	0.38	83 million	Cement	65.2 million tons.	1236.7 million tons.
Tractors	110 thousand units	190 thousand units	Crude Iron	31.7 million tons.	419.1 million tons.
Motor Vehicles	140 thousand units	7.2 million	Pig Iron	34.7 million tons.	412.4 million tons.

SOURCE: China Statistics Yearbook 2007.

In the last 30 years, China has never stopped its industrial process nor has it allowed it to eliminate its weak and inefficient industry of 1978 in the interests of a "free market". On the contrary, by using the free market, it has established continuous improvement and strengthened the greater part of its manufacturing sector. As Meza Lora points out,

> ...the convergence of the market and the State in the industrial sector in China is an expression of an unquestionable fact: recognition that the rules of the game should be governed by the market and the necessary State intervention given the weakness of this Institution. A socialist market economy with Chinese characteristics does not assume the antagonism between the State and the market. On the contrary, it understands that the market and the State can play a complementary role in industrial coordination activities. If the market is deficient in solving coordination problems, an explicit industrial policy is justified as a coordination mechanism ex ante that does not come from the market. (Meza Lora, 2006).

Within this general framework of joint State-market work, the following actions that the Chinese government has implemented in its industrial policy stand out:

- Direct investment in infrastructure projects; financial and budgetary assistance in projects from regions lagging behind.

- Administrative intervention from the central authority in its enterprises to conclude and establish joint ventures, mergers, etc.
- Price control over basic supplies (for example, energy and water supply).
- Direct and long-term financing for key companies; preferential capital allocation to companies by way of the capital market, especially for new companies or those seeking to increase their technological development.
- Tariffs and duty-free measures, import quotas, licenses and local restraints on imports.
- The prohibition for foreign companies to distribute products not produced in China or for controlling their own distribution networks.
- Low interest rates in State banks and selective loans to different industries.
- Tax incentives to companies oriented toward industry.
- Reduced tax rates for high-tech companies in the field of industrial technological development.
- Zero taxes for companies of "urgent need for the State" (fixed capital investments for agriculture, water conservation, transportation, postal service, telecommunications, certain medical projects and machinery and electronics, etc.).
- State enactment of a Direct Foreign Investment Guide that specifies the projects that are encouraged, allowed, restricted and prohibited, etc. (Meza Lora, 2006).

Research and Development as Part of State Policy

With a research and development budget of more than 60 billion dollars for 2006 and a staff of 3.2 million people (2 million of which are scientists or engineers), China is growing in this sector (Jian Bei, 2007). Since the 1st Five-Year Plan (1953), technological development had been included, but its market focus was not emphasized until the 6th Five-Year Plan (1979), in which interest was unmistakably centered on technological growth by means of research and development. In the late 1970s, a planning system for science and technology activities was drawn up and technological innovations were implemented in public enterprises to increase productivity while federal research centers were established in different parts of the country. With the 7th Five-Year Plan, a policy to reform the research and development centers (RDC) was adopted, focusing on responding to market requirements and not adhering to obsolete or bureaucratic outlines. At the same time, manufacturing enterprise and RDC mergers intensified to achieve improvements in technology or in-line production. By adding business incubator programs to this cluster, it has been possible to improve productivity based on new technological developments. Furthermore, it has supported the creation of new technology enterprises (NTEs), as well as patents in science and technology.

During the 1990s, covered by the 8th and 9th Five-Year Plans, RDC operations were reviewed again for ways of improving performance. To better compete and better motivate research personnel, the possibility of registering science and technology patents was instituted so the centers could financially benefit from the commercial rights to these patents, which would be bought by the market. One notable aspect of the Chinese government's efforts in this field is that its strategy was not handled as an independent public activity, but directly aligned with the market, education, special areas and strategic sectors, in addition to the other policies aimed at development and public spending to obtain seeking maximum productivity. In the 10th Five-Year Plan (2000-2005), new technologies and so-called third generation products were given a boost by making research and development one of the most important issues in plan. This field was deemed so important that the outline was reproduced in the 11th Program (2006-2010) and the 2020 Development Plan. In the year 2000, the research and development budget was significantly increased to 1% of the GDP —about 100% the previous amount— over a 10-year period (World Bank). This percentage currently exceeds 1.4% of the GDP (Oropeza García, 2006).

There are approximately 700 federal and provincial institutions that comply with the requirements to be considered as RDC. In most cases, a RDC consists of state of the art installations with the best quality equipment in the world that offers all kinds of services to public and mixed companies. One example of technological development with comprehensive management is Zhangjiang Hi-tech Park in the Shanghai area. This park has a surface area of 25 km^2 and houses around 50 RDCs that serve both the public and mixed companies. These parks operate under a cluster-type head office through which the entire technological development value chain interacts: RDCs, companies, educational centers and incubation programs from new production projects. Around 3,168 companies coexist with the 50 centers, as well as countless specialized educational centers that provide the experts needed for development (to date, this cluster is working on approximately 400 research projects). This productive research and development park in Shanghai has attracted investments of approximately ten billion dollars to date, 70% of which corresponds to foreign investment (Beijing Investment, 2005). This model of "intelligence" centers has also registered approximately 3,000 patents.

The work China does in research and development is a central part of a strategic policy that sees development based on market reality as its main objective. However, in innovating itself, China is very much aware that its greatest strength and its greatest weakness is its enormous supply of work. Thus, while competitiveness and innovation has improved in certain high-tech sectors, its challenge is still that of maintaining large factories with an intense workforce in other areas of manufactured goods (heavy industry, for example, employs almost 80 million people) with reasonable technological improvements in terms of efficiency. China cannot afford the luxury of generalizing the use of robotics, for instance, because it would cause social imbalance in its workforce. Despite this, growth in research and development is a priority for the Chinese model. Since 1985, it has registered 14,000 patents, a number that was surpassed in 2003 with 300,000 registrations, placing it in third place worldwide after Japan and Germany. From 1995 to 2003, it has sustained an average annual growth in the high-tech industry of approximately 20%, which represents 18% of the national industry (Jin Bei, 2007).

III. Evaluation and conclusion

China's economic success from 1978 to 2008 is truly surprising. Little by little, the growth rate of its GDP and its foreign trade (third place in the world in imports and exports in 2008), increased international reserves (1.8 trillion dollars in 2008) and the decline of extreme poverty[12] (an U.N. report

[12] The results obtained by China in this segment are truly surprising. The drop in extreme poverty from 67% to 17% in a quarter of a century has caused general astonishment from global economic participants. In 1978, China had an extreme poverty index of 67% or 630 million people. In 2004, this problem had been reverted to 17%, that is to say, 210 million people. This has been the result of the success achieved in implementing and sustaining economic growth from 1978 to date, which has originated the creation of nearly 300 million jobs that have incorporated urban and rural populations into the economic activity. The reduction of poverty has also derived from the good results from the application of public policies, such as the strategy and implementation of the National Poverty Reduction Program (1994) and the 2001-2010 Program for the Reduction of Rural Poverty, in addition to other development policies, such as the emigration method, by means of which people from the poorest areas of the country (remote mountainous regions, deserts, high regions, the plateaus

points out that 80% of the world poverty reduction statistics from 1978 to date corresponds to China), correspond to the implementation of a model that has been continuously built since Mao Zedong's death by a new group of statesmen headed by Deng Xiaoping up to Hu Jintao.

Of course, this does not mean that Chinese development has been a smooth process without problems. To the contrary, from the moment of its start-up to our days, one distinguishing feature has been the profound hardships that have enveloped it, such as generalized poverty, the demands of an enormous population and a minimal GDP per capita (2,500 dollars a year in 2007), etc., which have always played against its stability and good results. On the economic terrain, the strategic decisions taken have not always been successful either. For instance, during the 6th Five-Year Plan, the 14 coastal Economical and Technological Development Zone units that were set up were later reduced to four, in view of management failings. The problem of corruption could also be addressed since it has often held the model in check and has been a major challenge for the Chinese economy. However, in hindsight, the main criticisms made to the model today lie in its differing results and the high concentration of wealth it has generated among the different social layers and the different geographic areas.

2005 (YUAN)

	Eastern Area	*Central Area*	*Western Area*	*Northeastern Area*
Rural Income per capita	4720	2956	2378	3378
Urban Income per capita	13374	8808	8783	8729
In relation to national income per capita (100%)	127%	83%	83%	83%

SOURCE: China Statistical Yearbook 2007

The gap between rich and poor, in the different areas, has significantly risen. To illustrate, in health services, the percentage between the wealthiest and poorest families, instead of decreasing, has increased over the last ten years (1996-2005), going from a difference of 2.74 to 6.34 times. The dif-

of the southwest and areas inhabited by national minorities) are urged to move to places with more infrastructure and support for their social and economic development, thus pulverizing poverty and multiplying the social investment results. This shows us a China with a successful economic policy that is combined with a healthy social development strategy (Oropeza, *supra* note 27, 2006).

ference in income levels among urban groups between 2000 and 2005 has increased from 3.61 to 5.7 times as much between the lowest and highest income brackets, with Shanghai, Tianjin and Jiangsu as the cities that have benefitted the most and Tibet, Yunnan and Guizhou as the most marginalized. In the country, this gap in income has expanded from 6.4 times to 7.2 times as great (China Statistical Yearbook, 2007). Regarding education, culture and entertainment, the breach has also widened in the same period, going from 3.84 to 8 times. All these differences are what today cast doubt on the nature of the success obtained, the increased social instability of a people that 20 years ago was still getting used to a certain degree of economic equality (though it was presented as generalized poverty), and not knowing the meaning of a middle class. For a large number of Chinese people, economic success still seems distant. Their uneasiness grows when they directly or indirectly notice the vast difference between cities like Zhejiang, Shanghai and Beijing that receive 27,703 Yuan, 22,808 Yuan and 22,417 Yuan, respectively, as annual income per capita; and Guizhou, Gansu andXinjiang that only receive 5,052 Yuan, 9,586 Yuan, 9,689 Yuan, respectively (China Statistical Yearbook 2007). In summary, economic success has not been uniform and disparities give rise to social uneasiness when in 2005 only 174 million people had senior citizens' insurance, 137 million had medical assistance insurance, 106 million had unemployment insurance, 83 million had accident and job insurance and 53 million had maternity insurance.

However, the current challenges for the Chinese development model are not only centered on social issues; they are also seen in diverse subjects, such as ecology and economy, where there is a broad range of new challenges to be met. On the subject of the environment, authors like Pang Zhonying speak of China's enormous "ecological debt" caused by certain facets of its economic success. Despite its great surface area (9.5 million km^2), China is below average in natural resources essential for development. For example, it has only 0.094 hectares of arable land per capita, which places it 40% below the global average; 2.25 cubic meters of fresh water per capita, 30% below the global average. This situation repeats itself in forests, mineral resources and oil with 20%, 60% and 11% below the world average per capita (Desarrollo de China dentro de la globalización). At the same time, its accelerated economic growth has led it to consume 48%, 40%, 32% and 25% of the world's cement, crude carbon, steel and aluminum oxide production, which has in turn generated disparity in both supply-demand and pollution. According to statistics, the main polluting emissions from China have already surpassed the environment's capacity for self-purification. Of its seven river systems, more than half are severely contaminated (the Huang He, Huaihe and Liaohe Rivers are at 60% of the international level of environmental emergency, and the Haihe River is at 90%). Acid rain affects a third of the country's surface. Around 360 million hectares have water losses and soil erosion (38% of the country's land surface area), a figure that increases by 15 thousand km^2 every year, and desertification already covers nearly 20% of the national territory. The problem of environmental deterioration in China clearly represents a great challenge for its development and an annual cost of up to 8% of its GDP.

Other topics could be added to the above, such as corruption, banking debt, problems of annual employment creation, etc. However in the economic terrain, the most important challenge of China's development model is that of developing new structural lines that will determine its fate it in the coming years.

Beyond the deficits presented by China's current economy, its success in matters of economic development is of such magnitude that it has come to represent one the most important economic achievements of humanity.

However, after 30 years, China paradoxically returns to the starting point, from which it will have to validate its development model again and decide on the best lines of growth. This time, it will not only have to provide sustainability to what has been achieved, but will also have to allow for better wealth distribution to two-thirds of a population that has not benefited in the same proportion from the "Chinese Miracle". China will have to decide what its future will be, just as it did three decades ago, at a time when the only similarity it holds with 1978 is permanent change.

The debate has already begun in China, and different groups intend to impose their own version of the next development plan, just like 30 years ago. The common root in their arguments is that what has been done is not enough and that today's reality demands greater and different results. It is not enough to grow at an average of 10% annually; now more social and human growth are necessary. Nor is it enough to produce more goods if doing so puts its own national sustainability at risk. Likewise, the best practices for controlling inflation, which since 1996 has been in the region of 9% a year, are under discussion along with the new monetary phenomena of excessive liquidity and speculative capital. There is also talk of reviewing their export model in depth to incorporate and expand primary and tertiary sectors, as well as its internal model. Aligning and fine-tuning a vertical line of control also needs to be discussed since up to now it has constantly clashed with a horizontal market dynamic while local governments have yet to fully define their roles. In many cases, this continues to distort and break with the general strategy. Other issues under deliberation include modifying the role of State monopolies, special economic zones, and enterprises with State participation. These and other important issues are more present today than ever. They have been included in China's agenda, in forums like the 2003 "Third Great Debate on the Reform", and of course, in the 11th Five-Year Plan that, according to Chi Fulin, marks "a new historical beginning in the Development and Reform of China". There are various documents and general opinions among those that will have to decide whether a Socialist Market Model really exists, and if so, what its development strategy will be in the coming years. In the same way, the question arises as to whether the moment has arrived —once China's economy has been strengthened and under strong international pressure— to move toward greater degrees of free market or if, as some opinions maintain, it is time to recapture part of the socialist economy.

Regardless, after 30 years of success, we must point out that under its current strategy, China has presented the world with a new alternative that has demonstrated its viability by sustainably reducing the massive poverty indexes that had characterized it since the beginning of the 20th century. It has shown that economic underdevelopment is a problem that affected countries can successfully solve and that the way to solve it has much to do with the institutional framework that accompanies the model, as well as the economic strategy each country chooses.

At a time in which growth has become every nation's challenge, the new Chinese model is an alternative for handling efficient public policies. It is true that the strategy's initial launching platform, that is, planning and political centralization in daily coexistence with free market capitalist policies is a combination that few countries could imitate. But here, where many of the benchmark analyses of the Chinese model end, is precisely where the differential engineering that has made it a winner in globalization begins. For that reason, the learning opportunity for the developing economies should not be limited by the comparison of different political realities. In the first place, the political part would arbitrarily represent barely half of the model and without analyzing the rest of its public strategy for a free market global outline. Secondly, by disregarding the comparison and the lessons learned from the Chinese model because of its Communist foundation (and even, various authors have implied that its success is precisely due to that political component in its model) would be to tacitly or expressly recognize the superiority of this outline over an entire bibliography that has always privileged the superiority of the Western democratic model, especially from 1989 onward.

The political basis of each model clearly bears a different nature, but in the last example and within this same theoretical framework, the political component, more than being an impediment to analyze the Chinese model's economic measures, would give Western outlines competitive advantage. One should start from this same advantage to compare the free market strategies China has implemented and which since the beginning of the 21st century have tended to align themselves with WTO regulations. The results of the Chinese experience have shown to developing economies, especially Latin American economies and the Mexican economy in particular, that sustained growth is possible and that to a great extent it starts with each nation's good decisions, efforts and individual talents. Moreover, the main obstacles are found in each country's inability to attain political stability and find the development strategy best suited for it. Sustained growth of 10% for more than three decades is a great motivation for the different Latin American economies that have not been able to grow more than an average of 2% over the same period, within an asymmetrical framework and suffering from a lack of direction and the continuous appearance of crises that have limited their development in different ways. It is also a reflection on the real possibilities a country has at hand to face globalization and achieve sufficient and sustained growth without having to surpass all the obstacles globalization presents. These are indispensable requirements for nations that aspire to obtain the per capita level of income of intermediate countries. Of course, the networks and advantages with which the developed countries operate should not be looked down upon.

Finally, as the Tofflers correctly point out, "China now makes up part of all of us" (Alvin & Heidi Toffler, 2006). However, we could also add that China's economic history is far from over. In the future, it will continue to surprise us both with its changes and with its innovations, which must be kept in mind if we want to have a definite idea and an advantageous relationship with the best development strategy of the last decades (John Hoffman & Michael Euright, 2008).

THE LAW AS LEVERAGE FOR DEVELOPMENT

Although the history of China is one of the oldest in the world (approximately 5,000 years old), it should be pointed out that in legal matters, the Asian country finds itself in the process of establishing Rule of Law, after going through a difficult and abrupt transformation of its feudal legal system that has taken 170 years. Therefore, one of the new facets of the Chinese phenomenon —and one of the least known in the world and especially in Latin America and Mexico— is that of understanding its current legal system.

Latin America already trades more than 100 billion dollars with China (2007), more than 30% of which corresponds to Mexico. However, in either case, there is not even a minimal amount of legal bibliography today that can legally lead and guide the exponential growth of the political-trade relationship with our new Asian partner, or that responds to questions on the history or precedents of the Chinese legal order. Even then, law in China is as old as its history, which, due to its volume, is difficult to summarize.

Brief Overview of the Legal Order in Chinese History

The exact dates and origins of Chinese culture varies, but some authors (Cornejo, 2007) place the emergence of their writing in the Shang period, between 1751 and 1122 B.C. However, most researchers agree that in 221 B.C., the first unified State in the history of China is established under the command of Qin Shi Huang Di, the first emperor of the Qin Dynasty (Oropeza García, 2008).

As to the historical background of its legal system, some authors (Xin Chunying, Li Lin, etc.) speak of its birth during the Xia Dynasty (21st century B.C.) and of later growth of written law between 770 and 221 B.C. Unlike other legal systems of the time, Chinese law was characterized from the start by having a secular influence because it was directly related to the power of the ruling governors more than with divine figures and it was understood that law was "[t]he rules of the natural order of things". The origins of Chinese law were also linked to the philosophical schools of thought of the time, such as Confucianism (551-479 B.C.). The three cardinal rules of this philosophy, which strongly influenced Chinese law —and to a certain extent, continue to influence social order in China— are: *a)* harmony between the subject and the monarch, *b)* harmony of the father over his son and *c)* harmony of the husband over his wife. For them to be carried out properly, these tenets were to be based on five basic virtues: kindness, rectitude, decorum, wisdom and sincerity. These principles would become the basis for the legal system of China's feudal society (Xin Chunying, 1999).

"Let the ruler rule as he should and the minister be a minister as he should. Let the father act as a father should and the son act as a son should" is the Confucian premise of a social order that should start from the responsibility of its members and from a pre-established order that assigned each person his place and obligations. Breaching this order would lead to a disastrous loss of his face and self-esteem for which one remedy was suicide (John King Fairbank, 1992).

This philosophical line tended to keep the *status quo* by means of the proper or virtuous behavior of the different participants or social status that made up the Chinese feudal organization.

The concept of law in China was different from the Western one. Its perception of obligations and rights was not derived from a "Superior Law", but from the natural order of things; from a "harmonious society" that was ruled by the emperor's or the ruler's "wisdom". Hence, the first legal regulations were based on a social "should be" backed by a generalized concept of "decorum". These principles emerged from philosophers like Confucius, Lao Tse and Mencio whose rules served to legislate a common code of conduct in which legal provisions were an expression of this natural order.

Given the ruler's hegemony, the most visible legal expression was that which corresponded to punitive law, which regulated and punished any breach in the established order, in addition to any resulting social disgrace. Just as corporal punishments were doled out, so were exile and death. Torture, in this scenario, was expected and accepted. Enforcing the law was entirely in the hands of the monarch, as was mediation since the legal profession did not exist in China. As to the codification of this legal standard, Fairbank points out "[b]y pre-modern standards, Chinese legal codes were monuments of their kind. The great Tang code of the 8th century and its successors in the Song, Yuan, Ming, and Qing periods, still invite analysis. Early European observers were well impressed with Chinese justice" (John King Fairbank, 1992).

This general outlook of imperial law, or feudal law, remained practically unchanged until mid-19th century when China's direct contact with certain Western powers forced it to revise and begin some transformations in certain areas. China was once the greatest civilization in the world. Even from the 10th to the 15th century, Europe could not be put on the same level as the Chinese Empire in terms of agricultural productivity, industrial ability, commercial complexity, urban wealth or standard of living (not to mention bureaucratic sophistication or cultural achievements).

For over 1,000 years, its economy was the largest in the world, representing 30% global participation. However, from the 16th century on, and compared to other legal systems, Chinese law was characterized by not having a modern legal system in tune with the development of the economies and democracies of the time, which were beginning to display solid legal evolution (Chunying). In contrast, from the 17th century onward, China entered a stage known as the Late Empire (1600-1911), which accelerated in the 18th and 19th centuries.

The various internal rebellions that took place in China in the 18th and 19th centuries, directly incited the transformation of the established order, which despite its different stages and challenges, had been able to preserve its main characteristics for around two millennia. Because of these rebellions and foreign invasions that clearly revealed the weakness of an empire in decline and its inability to control its territory, a change in the legal framework also occurs, prompted by the presence of new participants in China's public life. For example, the period between 1842 and 1943 has been called "the century of treaties" (Great Britain in 1842, the United States and France in 1844, Russia in 1858, etc.). During this period, the maritime powers of the time obligated China to recognize certain rights within the economic and commercial order that overturned the established legal order and the Empire's central concept: that of exercising power and full sovereignty within its walls. Under hegemonic pressure and with the signing of these treaties, China first had to accept the equal standing of other countries (Great Britain, France), which was a severe blow to the Emperor's principle of superiority over other governors and thwarted his right to demand tribute and obedience. China also had to recognize the jurisdiction of other countries within its territory, which had to include the "most favored nation" clause and free trade for these powers within Chinese borders (Fairbank).

The meeting of a declining empire with maritime powers in full expansion provoked the forced opening of the Chinese Empire. This in turn gave rise to the transformation of its established political, economic and social order, as well as its legal order. This first discussion on legal order in

China was mainly focused on drafting a Constitution as the starting point for a new legal system, which for the first time would include: a division of power system, an open (oral) justice mechanism, new regulations on foreign trade and the separation of civil and criminal law, among others. However, the interests of the time were such that in the first attempt (1898), Dowager Empress Tza-hsi opposed, incarcerated and sentenced six of the reformers to death. In the second attempt (1905), a bomb exploded on the train taking a group of experts chosen to study constitutional projects in other countries (Germany, Japan, etc.) (Chunying).

Qing Dynasty rule came to an end in 1911, thereby concluding a lengthy and historic stage for the Chinese Empire. At times, it had tried to open up to the possibility of a new constitutional system, to remain in power and reduce pressure from foreign powers. After more than two millennia of maintaining an established order by and large (aside from the challenges from the Mongol conquest of 1279 and other foreign interferences), the constitutional reform project was not without its challenges. On the one hand, the group of new legal order sympathizers wanted their prerogatives to be recognized within a Rule of Law framework, which would also give the country a modern platform from which it could achieve financial success, as in the case of Japan (Meiji Dynasty). On the other hand, conservatives stated that the Chinese people had not asked for a Constitution; it was not a part of their culture and they were not ready to abide by it. Thus, it could give way to uprisings if not implemented properly. Amid these struggles, the interim of the Nanjing Chinese Republic government brought the prior feudal system to an end in January 1912. In March 1912, the temporary leadership of the new Republic of China adopted a political Constitution for the first time. Although temporary in nature (1912-1914), it proposed a division of powers system, sovereignty of the power of the people and an initial list of citizen's rights. It spoke of a temporary presidency, a Supreme Court of Justice and another set of powers, setting a precedent and becoming a milestone in the country's legal context (Chunying). The first year of leadership under Yuan Shi Kai (1914), ushered in a Chinese legal system defined by a revolutionary vortex that did not stabilize until 1949 with the victory of the Chinese Communist Party.

I. Chinese Law during the Mao Zedong Era

After a long period of political change that stalled the nation's financial progress, China set out on the road to reconstruction, moving from an imperial model, which was feudal in nature, to a communist government, which was totalitarian in nature (Oropeza García, 2006). In the imperial model, the ruler and a social order based on philosophic principles usually regulated the judicial relationship between the Emperor and his subjects. Due to this preconceived order, the vertical balance of its social ties gave direction and meaning to the relationships of rights and obligations. Therefore, the transition from a ruler's vertical order to that of the Party did not represent a fundamental change in China's legal system.

China's legal system after the CCP's victory in 1949 can be analyzed from various angles: political, financial, or strictly legal, among others. As with all cultural output, law in China has a good amount of all three elements, which have asymmetrically come together over the last seventy years.

From a political point of view, China's legal system can be divided into two distinct periods. The first spans from the Mao Zedong era (1949 to 1976) and the second goes from 1978, the year opening and political reform began under Deng Xiaoping, to the present day. During the first period, the new legal system repeated the post-imperial transition phase's practice of abolishing all forms of legal legacy (Chunying). All kinds of legal provisions that might have been created by the opposing Kuomindang (KMT) faction were repealed to give way to a new legal system guided by the aims and objectives of a Communist and totalitarian State which, based on its own idiosyncrasy, did not require a horizontal system to regulate relationships other than those between the State and proletariat. Guiguo Wang points out that during this period, and especially during the Cultural Revolution (1966 to 1976), law was not deemed a necessary instrument and had no significant relevance within China's new social order (Guiguo Wang, 2007).

Regarding this time period, Li Lin points out,

> The establishment of the People's Republic of China in 1949 gave birth to a new era in China's legal makeup. The time period from 1949 to mid-1950 was the initial stage, during which China enacted the National Committee of the Chinese People's Political Consultative Conference, as well as other laws and decrees that played an important role in the consolidation of the new State, establishing the new social order and a revival of the national economy. The Constitution of the People's Republic of China, adopted at the first session of the National People's Congress, and other related laws, defined China's political and economic system, as well as the rights and freedoms of citizens. They imposed the standardization of organizational structures, the functions and powers of the State's governing body; and established the basic principles for the Chinese legal system, which provided the preliminary foundations for the Chinese legal structure. However, after the mid-fifties, and

> especially during the 10 years of the Cultural Revolution (1966-1976), the Chinese legal system was severely destroyed. (Li Lin, 2008)

Though marked by scant legal production (marriage laws and agricultural reform in 1950), this important political stage was noted for adopting the first formal, permanent constitution in China's history in 1954. Clearly done under Soviet influence, this established the basis for a State property system and centralized management, which guided the legal system of the Maoist era by means of administrative provisions. Within this timeframe, a second Constitution was enacted in 1975.

During the almost thirty years of Maoist rule and throughout the various stages of the Great Leap Forward (GLF) or the Cultural Revolution (CR), China was unable to consolidate a political model that would contribute to the social and financial advancement of its inhabitants. Its various development strategies never attained results that would at least satisfy the basic needs of food and clothing for an average 700 million people at that time. This situation led to the solidification of the political and legal model, which awarded greater power to the State and its vertical decisions, to the detriment of the progress made towards establishing a law aimed at regulating the State or its relationship with its people. In choosing a political and economic model closed to the outside world, norms that were compatible with external participants were not an integral part of the agenda of the nation that withdrew from the then General Agreement on Tariffs and Trade (GATT) immediately after the victory of the 1949 Revolution. Nor did it resume its institutional project for opening up to the outside world until October 25, 1971, when China was once again admitted into the United Nations (UN) after having been expelled in the early 1950s.

II. Chinese Law during the Deng Xiaoping Era

Unlike the first stage, the second political period led by Deng Xiaoping is characterized by its economic and political openness toward the Western world, heralding a new era in China's relationship with the world and in consequence, the construction of a new legal system. This period was born of the political decision to open China up to the world. During this time, legal matters can be summarized into the enactment of two Constitutions, four constitutional reforms, 229 general laws, 600 administrative regulations, 7,000 local regulations, and more than 600 autonomous regulations. This body of law spans over three decades and is greater than what China had produced in 5,000 years of history. This period is also noted for organizing its political stability, financial project and legal system around the centralized and prioritized objective of development. With this in mind, legal production in China over those thirty years was mainly aimed at channeling the economic opening of the State and reinforcing the agreements made with the outside world.

In 1978, China was practically bankrupt, with close to 70% of its population living in extreme poverty and with signs of recent famine that had caused millions of deaths. Since looking to the recent past would not clarify the situation, hunger and poverty were reasons enough to look outside China for new answers that would provide the necessary economic development for a nation of close to 700 million poor people. With this in mind, the 1978 Constitution came into being amid much political debate between the new reformers and the still very strong conservatives. This Constitution provided the background for the first economic changes in the nation, as set forth in Article 11, which highlights the importance of economic development.

The 1978 Constitution had the merit of ratifying the principles of the Chinese Revolution and sent a reassuring message to a country alert to future changes. However, a new Political Constitution was enacted on December 4, 1982. In contrast to the 1978 Constitution, the one from 1982 significantly changed the direction of the Chinese model. However, the legal and economic change that most stands out in this statute and outlines the opening of the new Chinese Development Model is found in Article 18, which states:

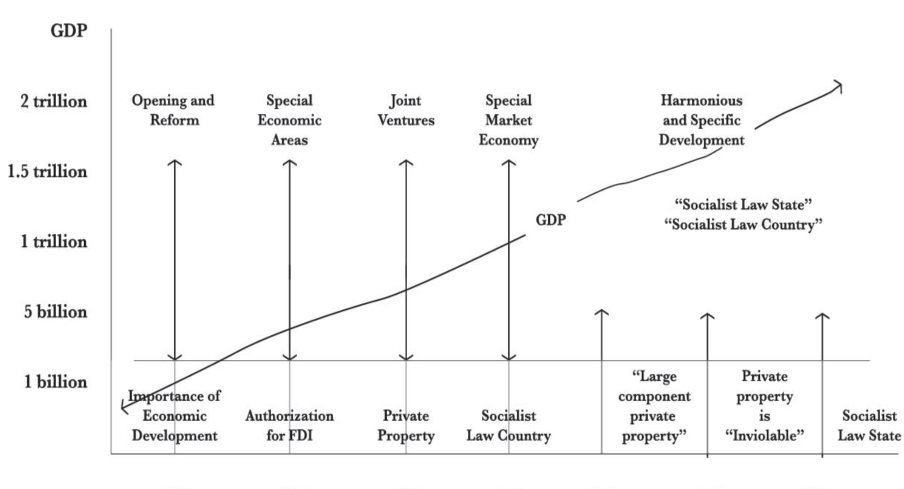
> Article 18. The People's Republic of China permits foreign enterprises and other foreign economic organizations and individual foreigners to invest in China and to enter into various forms of economic cooperation with Chinese enterprises and other economic organizations in accordance with the law of the People's Republic of China...

For the first time in its history, Article 11, as amended in 1988 recognizes the existence of a private sector of the economy, a significant step toward a new "market socialism".

> Article 11 (4th Par.). The State permits the private sector of the economy to exist and develop within the limits prescribed by law. The private sector of the economy is a complement to the socialist public economy. The State protects the lawful rights and interests of the private sector of the economy and exercises guidance, supervision and control over the private sector of the economy.

The Constitutions of 1982 and its amendment in 1988 represent a genuine watershed in China's economic, political, social and legal life. They also began to reflect the initial layout of a new project that continues developing to this day. Deng Xiaoping had already anticipated the construction of an economic model with "Chinese characteristics" that would include a free market since 1979. It was established in the 11th Central Committee of the Communist Party of China in December 1978, which initiated the project for reforms and China's opening. The first proposal for the creation of special economic zones was made in 1980 and was designed for them to incorporate foreign direct investment; hence, the important constitutional reforms of 1982. Following up on this, the concept of market price was introduced in 1981 and by 1984 economic reform began to spread throughout the country. That same year, the 12th Central Committee of the Communist Party of China issued the "Decision Concerning Reform of the Economic Structure" to facilitate the application of the law and the new development of the socialist economy.

The year 1992 holds special significance for the dynamics of the legal changes defined by the vision and advancement of the economic project since it represents the first amalgamation of political opening-up and economic reform. This was reflected in the 14th CCP National Congress, which officially declared a "Socialist Market Economy" a priority and consequently, the importance of constructing a legal system for this model.



SOURCE: The Author.

Four years after the events in Tiananmen Square and fifteen years after its opening-up, the second amendment of March 1993 marked the end of the transition period from the centralized planning system of 1949 to the new socialist market model. Thus, this amendment was a political message to the nation by reaffirming China's new path, as well as one to the rest of the world by legally making public measures that would convey certainty and reliability to foreign investors official. Nevertheless, Article 7, according to the second amendment, reiterates the State's role as the leading force for the growth of State economy and defines its development strategy by pointing out that "the State has put into practice a socialist market economy" (Article 15). The 1999 amendment further reiterates the constitutional message of 1993 and part of the new China's progress toward the "Rule of Law". Therefore, Article 5 institutionalizes the Rule of Law as a commitment, and as a result, the need to build a socialist rule of law while respecting foreign relations and private property, already described as a "great component" of the country's economy. Within this context of economic determinism in the new legal order, the 2004 amendment reached a stage of marked prosperity and the undeniable economic success of its development model. Therefore, changes were focused more on social and political issues than on economic ones. Notable economic milestones include defining its citizens' private property as "inviolable" and the prevision of "non-public economies" (Article 11), clear signs of the consolidation of private property in China.

Over the last thirty years, China has developed its own legal production with Chinese characteristics, centered on lending assistance for national development without being dependent on foreign pressures or interests. A Chinese-Foreign Equity Joint Venture Law was passed in 1979 and the Foreign Capital Enterprises Law was published in 1986. The first Corporate Law in China for the Regulation of New Foreign Companies was enacted after the second constitutional amendment in 1993, although the Private Sector Corporate Law did not appear until the year 2000.

Another clear example of modulating the legislative speed to the economic priorities of the development model has been China's trade and labor legislation. In terms of trade legislation, although China embarked on an ambitious export project that took its international trade ranking from the 27th place in 1978 to third in 2004 (China Today), it legislated its first international commerce law three years after its entrance into the WTO. As to labor, China regulated a far-reaching tolerance policy toward new foreign capital companies in the 1980s, but it was not until 1995 that it passed its first labor law. While this law does summarize some workers' rights, it is still a body of laws of a discretional nature that favors employers. With the successful economic development of the Pacific region, a new labor law went into effect in 2008. In addition to granting workers more effective rights, it paved the way for a massive transfer from work centers to less developed areas in the country, as stipulated in the dialectic vision of the development model. In view of all this, it can be said that to date, new legal production in China has always been done in direct correlation with its economic model, complementing it as a tool that encourages growth without hindering it.

China's legal model was practically non-existent in 1949. Since then, it has gone far in establishing its own provisions. As Huang Lie points out, "China entered a new era after the foundation of the People's Republic of China, but the construction of the legal system went on a very tortous path. The disaster of the cultural revolution completely destroyed its legal institutions". Huang goes on to stress that

> For a long time, some of China's leaders and cadres have placed their hope of durable peace and prosperity of the nation upon a few good leaders, and have failed to understand that the law and its institutions are the crux of the matter. This has been a major obstacle to the development of democracy and the legal system in China. Furthermore, the existence of power operating above the law is another indication that China's legal system is far from perfect. The law is sometimes displaced by power; the leaders' words sometimes substitute the law in the management of governmental affairs. When we promote rule of law and oppose rule of man, we are trying to confront these problems directly. (Huang Lie, 2006).

Consequently, China cannot now speak of finished judicial systematics, nor can it be described as a socialist legal system. China's new legal system, which is currently under construction, finds itself between a totalitarian-style political system and an economic model deeply rooted in the free market system. Therefore, the current legal panorama has the appearance of a hybrid setup with "Chinese characteristics", and only time will tell how it will decipher the various lines of its development with greater clarity. In spite of this, throughout this lengthy period of guiding and backing its economic priorities while preserving the Party's central omnipresent power, China has had to include legal influences from both socialist and Common Law traditions, as well as from Civil Law, in its juridical model, due to its need to have dealings with the Western world:

> (After the reforms) Chinese laws underwent tremendous changes. The main trend has been to massively absorb foreign legislation, including legislative intent, legal concepts, and legal values. Obviously, these laws bore the influence of the common law system, possibly as a result of the large influx of Chinese scholars into countries and regions like the United States, Canada, Australia and Hong Kong. This does not mean, however, that China abandoned its own legal tradition entirely, as Chinese law has frequently studied and copied laws from the continental or civil law countries or regions, including Taiwan. This dual approach is illustrated by the enactment of the Company Law in 1993, the Securities Law in the end of 1998, and the Contract Law in March 1999. For instance, most of the terms of Company law bear resemblances to those of the common law countries and regions like the United States and Hong Kong. However, arrangements for supervisors and supervisory boards were drawn from civil law countries like Germany. The Securities Law was directly influenced by the Hong Kong Securities Law, with the addition of measures to fix the latter's loopholes and areas of ineffectiveness that had been revealed by the Asian financial crisis (Wang Mengkui, 2003).

In accordance with its financial, social and political transformation process, China's new legal system has also experienced the vicissitudes of its environment, from purging influences to defining its own legal nature. For its 2010 project, it should also complete its constitutional base and regulatory laws while mitigating secondary regulations in order to advance toward a logical, coherent systematization of the various disciplines and branches of law that are currently still grouped together, oftentimes ambiguously.

The current Chinese global body of law stems from the Constitution of December 4, 1982, and its four amendments or reforms, through which the political and economic development of the new Chinese model is carried out (Constitution of Constitution of the People's Republic of China). Most current legal production has been generated from this constitutional foundation, with a few exceptions, such as the Penal Code and the Chinese-Foreign Equity Joint Ventures Law that date from 1979. It covers seven disciplines: Administrative Law with 79 laws; Economic Law, with 54 laws; Regulatory Constitutional Laws, 38; Civil and Trade Regulations, 32 laws; Social Law, 17 laws; Procedural Law, 7 laws; and Criminal Law, 1 law. This same constitutional body of laws is divided into three levels or jurisdictions with a total of 229 National Laws, Administrative Regulations, which are placed second, and Local Regulations that deal with the particular sphere of each province. China is made up of 56 ethnic groups and 5 autonomous regions, and thus a fourth level of regulations appears for the particular regulations of these districts. According to Wang Zhenmin, the development of the rule of law in China since 1978 can be divided into three stages: the first acknowledged the importance of what "ruling the country by law" would entail and culminated with the promulgation of the 1982 Constitution; the second, which lasted from 1982 to 1991, saw the further development of "legal construction"; the third began when Deng Xiaoping remarked that the objective of China's economic reforms was to develop a socialist market economy (Wang Zhenmin, 2000). However, it should be noted that from a Western point of view, the Rule of Law in China is still something that needs to be perfected. Furthermore, legal production has been marked by a change of direction at various stages of the development model. In the 1980s, for example, it encouraged widespread legal production in matters of foreign investment. However, with increased capital gains in the 1990s, tax regulations and an important part of the corporate regime emerge. The section on International Trade Law is found after 2001 as a result of China's admission into the WTO. Similarly, Social Law is one of the more recent legal branches in China, where its 17 laws, specifically human rights, appear after 2001.

The newness of Chinese law and especially the circumstance of its having to sanction legal criteria for a variety of economic and political systems, along with a culture that has privileged customs and values above written law for more than 5,000 years, define a reality of advances and setbacks not unknown to Chinese experts. In that regard, Li Lin states that legal construction in China continues to pose various problems and the progress of democracy and the Rule of Law continue to lag far behind its economic development (Lin, 2008). For example, although its Penal Code is the oldest in its modern era (1979), new economic crimes are on the increase, such as those regarding copyright infringement, intellectual property infringement, etc., some of them with increments of 29% a year. This challenges not only the purging, but also the updating of the entire system. As to labor, the new 2008 laws face increasingly greater disputes regarding worker-employer relationships, as seen in the 75,000 claims made in 2007 involving 142,000 workers. Overall, it can be said that notwithstanding its achieved advancement, China's legal system is still under construction. The arduous task of perfecting its constitutive norms and political order while closing legal gaps in its various disciplines lies ahead. By the same token, the systematization of the various legal bodies need to be carried out coherently and according to its inherent nature, improving on its contradictions and obsolescence, and eradicating its discretional nature, for the purpose of favoring a more objective and efficient application of the law.

To this, Professor Li Lin concludes the following: "We cannot await the changes passively as we face the challenge of improving the legal system; however, we must also be careful not to move forward in an impertinent manner". As to these changes he adds "we should keep our minds clear".