



## BOOK REVIEW - THE RISE OF CHINA AND INDIA: IMPACTS, PROSPECTUS AND IMPLICATIONS

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The book that has been taken for review is “The Rise of China and India: Impacts, Prospectus and Implications” Published by Palgrave Macmillan in association with UNU-WIDER (United Nations University – World Institute for Development Economics Research in the year 2010 & reprinted in 2011. UNU - World Institute for Development Economics Research undertakes research and analysis on structural changes affecting the developing and transitional economies. One of these projects was on ‘Southern Engines of Global Growth’ & the present volume is just an outcome of the first project conference held in Beijing in January 2007 & UNU – WIDER’s annual development conference held in Helsinki in September 2007. This book is a compilation of 12 research studies carried out by distinguished scholars around the world, Edited by Amelia U Santos-Paulino and Guanghua Wan, who also have their paper in this book. This book runs around 284 pages, costing roughly 128\$ having ISBN 978-0333-96424-8.

### Its as good as - **Unearthing hidden treasures**

The author Amelia U Santos-Paulino having done her Ph.D from university of Kent, now Dr. Amelia U Santos-Paulino is an economist at trade and poverty unit in the division for Africa, least developed countries and special programmes of the United Nations conference on trade and development in Geneva. She was a Research Fellow and Project Director at the World Institute for Development Economics Research and research fellow at the University of Sussex’s Institute of Development Studies and an economist at the Central Bank of the Dominican Republic. She has around 11 papers published in journals including economic journal, Cambridge journal of economics, world economy, journal of development studies, review of development economics, Manchester school and world development. Her edited books Fragile states: Causes costs and consequences, understanding small-island developing states: fragility and external shocks, vulnerability in developing countries, southern engines of global growth.

Guanghua Wan is principal economist at the Asian development bank. Earlier he was senior research fellow and Project Director at UNU-WIDER. He is also an honorary Professor at more than ten universities in China and a prolific researcher with over 50 analytical papers in referred journals and more than 10 books. He is a pioneer in developing regression based decomposition techniques for inequality and poverty accounting.

Since the early 1990’s the whole world has witnessed the rapid economic transformation and growth in China and India. Both these countries at the time of their independence held just about one tenth of the world output. Since then these two countries has emerged as dynamic global, economic and political powers. China however has moved steady fast becoming the 4<sup>th</sup> largest economy after the United States, Japan and Germany by 2005. The Indian scenario changed drastically after 1990’s when the growth rate of GDP per capita reached an average of 5% which was much beyond the benchmark. The GDP per capita growth rate in China and India is much higher than, atleast, that of the world rate & above growth in other developing countries and higher income groups. In the past few decades India and China have followed a similar growth pattern just comparable to that of advanced countries and other successful East Asian Economies. Thus arousing the interest of more and more researchers. This volume also speaks of all the research that is going on in this area.

This book has actually been divided into three sub-sections, The first part “The Rise of China and India: development strategies and lessons for developing countries” opens with a debate on what the rise and international expansion of China may mean for the nature of globalization. This begins by outlining the earlier form and phases of globalization out of which GAE (global Asian era) is beginning to emerge. It goes on to suggest that this GAE is likely to throw the developing world to certain form of crises: in which both opportunities and dangers for development may be inherent in the new global political-economic realities. It brings forth a number of vectors along which a GAE might be seen as impacting the developing world making an attempt to identify the trajectories of crises. In the first chapter the ways in which the fruits of economic development are spread across China and South Africa has been explained using the Lewis Model. Both China and South Africa are two economies which are labour surplus having a large rural – urban divide. The policies towards urban – rural migration in both these countries are similar but these two however differ as far as their rates of growth of the economy and of the labour force are concerned. The progress of assessment of each of these economies is assessed against stages of development outlined in the Lewis Model. In another study Suparna Chakraborty has tried to address the issue of macroeconomic fundamentals affecting the economy. Here besides identifying the primary forces successful in generating economic growth the transmission channels through which these factors work is also discussed. A relatively new procedure that is the business accounting cycle is used to do so.



The second section of this book throw's light upon the economic structure and growth. It begins by considering the Murphy Model to study the link between industrialization and development. More importantly it brings out an analysis on the role of alternative strategies based on agriculture and services in the two developing countries of the world China & India laying emphasis on how China is trying to formulate such a strategy & India is in fact been implementing one. Then finally bringing out the closer link between services and the rural sector. Today for some low – income industrializing nations this process of sectoral reallocation of economic activity what we call as structural transformation, looks different. A three – sector quantitative model designed to capture the increase in the share of service sector in GDP after liberalization is developed successfully for replicating the shares of sectoral output and the change in the existing structural composition across two states i.e China and India.

China's remarkable growth in the past 25 years had led to a rapid increase in energy demand and its hunger for energy is apparently insatiable. In this backdrop questions arise : can China hope to achieve both equitable growth and energy security over the next two decades? Here an alternative strategy has been designed which relies less on fossil fuels and emphasis regional co-operation. This strategy will ultimately lead to a sustainable economy based on growth with equity. Indian policy makers have been focusing upon growth, equity and sustainability that posse's a number of questions before us.

Whether the Indian regional economic structure lends itself to a sustainable economic development in the long run? Will the economic reform process make the prosperous regions more successful and lagging regions more impoverished? Will economic reforms boost the growth rates of lagging regions and lead to economic convergence across regions? Are the geographical differences large in India and would that prevent regional equality? Which economic activities shape the Indian Regional Structure? Which economic activity is the engine of growth?

I won't be answering these questions. To sought answers to these questions just read chapter 7&8 of this book. The third section of this book discusses trade and regional development. The significance and contribution that private sector makes to capital accumulation, employment and industrial growth in India and China is such. The industrial sector constitutes a large component of the national GDP, ranging from 28% (India) to 46% (China), given the significance of industrial growth in these economies and their relevance for the global economy. It is critical to understand what factors determine locational choice of firms within these countries. To assess and compare the factors that determine firm location across China and India 'Empirical Modeling of Firm Location Choices' has been used. The findings of this study (ch.10) have important policy implications for urban development. However china's economic integration with the global economy has just not come about in a day or 2, it's the result of its progressive engagement in international commodity trade with an increasing scale and intensity. The recent trends of trade between China and its main trading partner has been determined using the adjusted gravity modeling method in ch.12. In the last chapter the authors have tried to generalize and place in a common context the key messages emanating from the book, particularly on the successful experiences of China & India and the implications for development and developing economies.

I would rather suggest you to atleast read the last chapter of this book the rise of China and India –lessons and implications for global development wherein the authors have explicitly explained the key messages that are emanating from this book, especially the successful experiences of China & India and its implications for development and developing countries.

Ofcourse I will recommend this book for students of masters in economics and researchers.