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Analytical Study of the Competition between India and China in Industrial Globalization

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Abstract

The aim of this paper is to shed light on three upheavals, all intellectual issues related to the emergence and modernization of contemporary Asia, and first of all India and China. Asia's entry into the global economic system as a whole represents a multidimensional economic upheaval. By "symmetrizing" the location of goods production and world consumption, it brings the world out of the long "two-centuries parenthesis" introduced by the Industrial Revolution in England and, in doing so, "symmetrizes" also the question of overall sustainability. The relevant scale is actually the "integrated Asian production system" that is gradually being implemented. The state and industrial modernization of contemporary Asian societies offers the possibility of a full take-up of these economies, provided that internal normalization of access to the necessary economic and social capabilities recovers. As a direct consequence in the context of sustainable development, this development requires thinking about economic and environmental issues in a symmetrical way, rather than incrementally: the emergence of China and India as developed economies has required the development of the methods will need to be reviewed.

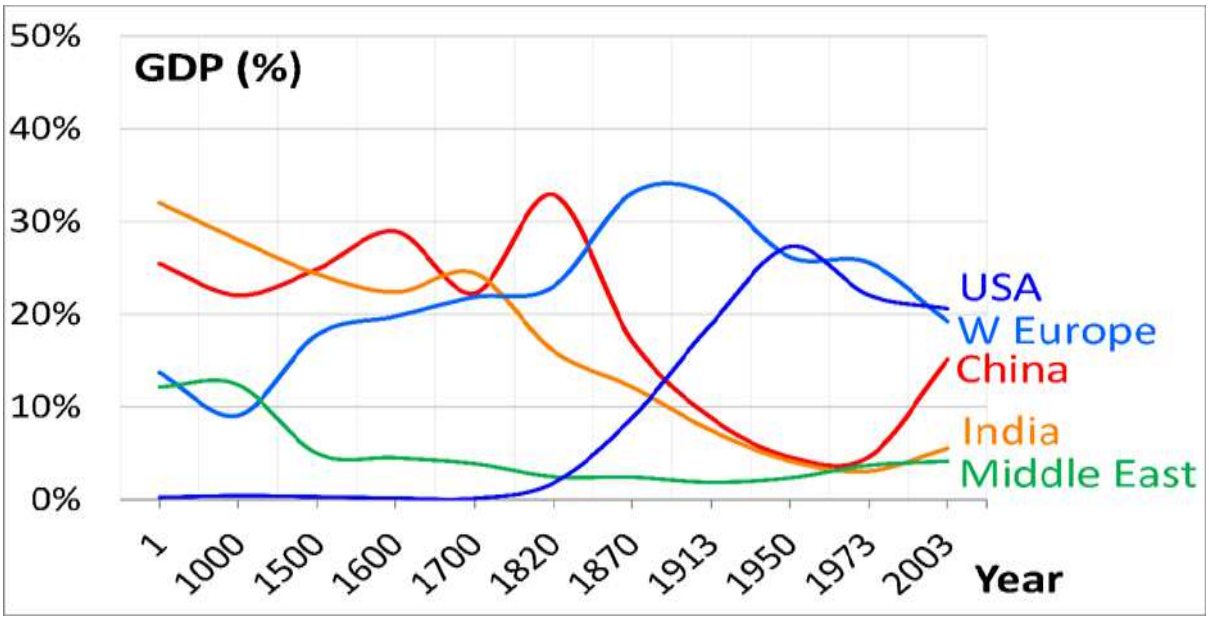
Keywords: Modernization, Global Economic System, Industrial Globalization, India, China, Competitive Analysis.

Introduction

In terms of analysis, it will be possible to go beyond the Malthusian vision induced by such upheavals and the size of Asia in general and China and India in particular, only if these countries themselves, as well as the countries, develop to consider the potential as a laboratory and as an economic and social model presented by the diversity inherent at such scales. The impact of these evolutions cannot be analyzed by simple macro-economic projections, as new models and new development regimes are emerging, which must be seen at the meso-economic level (regions, metropolises, industrial clusters and networks). New dynamics of governance, especially in urban areas, are being established. It is therefore essential to identify metropolitan actors implicated in national hierarchies and global dynamics.

Nature of economic and social development

This emergence takes institutional forms specific to India and China. Neoclassical economic analysis is unable to represent them. Mainstream analysis of evolution did not foresee them, and they cannot be reduced to extrapolations of observed trends. This undoubtedly provides a much-needed luxury. It is a question of rethinking the nature and methods of economic and social development, especially the relationship between the state and the private sector. The entry point we propose on this issue, which addresses a set of questions (from ethical dimensions to technological considerations), is to consider the fact that emerging Asia is a part of the world today. On the one hand the national trajectory of the political economy that continues to determine its model, and on the other hand it proposes an already globalized world system of production.

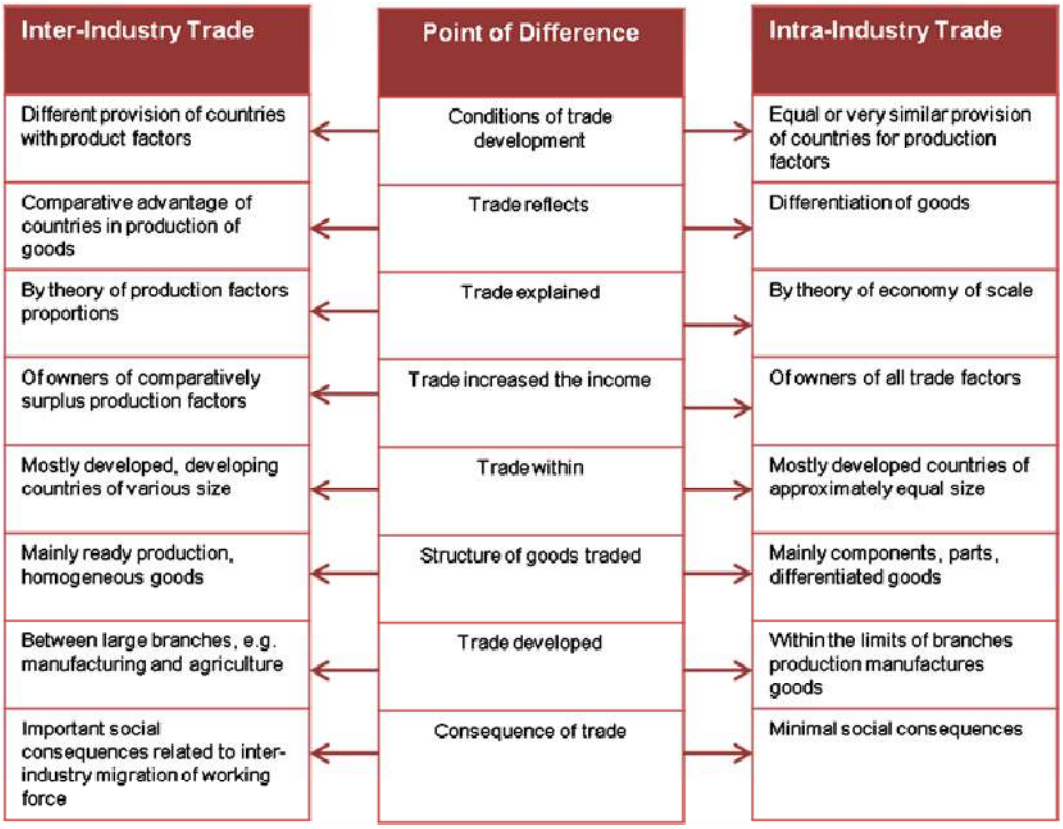


Outline of encounter between Indian and Chinese types of capitalism

In the case of India and China, we outline here such an encounter between new development regimes and Indian and Chinese varieties of capitalism. A study conducted in "meso-economic" terms, our analysis focuses on the interactions between micro-development models of private actors (local entrepreneurs, large industries), economic action of civil society organizations and implemented decentralized policies. Operates in both Indian federal states and Chinese provinces. Specifically, we suggest that the Indian and Chinese economies have three relevant dimensions. First, positive externalities1 in industrial districts known as "agglomeration"2 provide room for maneuver in the areas of economic and social policy in each catch-up dynamic. In this case, these are combined with the internal diversity of models at the scale of these countries, hence a "laboratory" potential at the level of provinces in China and federated states in India, which is already very widely exploited. , Finally, the simultaneous presence of critical size(s) of increasing returns to adoption, the creation of new methods of technological organization, and new methods of coordinating resource exploitation establish the potential for more sustainable development regimes.

Some facts to consider-

1. Situation in which the actions of one agent positively affect other agents not involved (...)
2. Yves Genoa, Spatial Externalities, Endogenous Agglomeration Economies of a Monocentric (...)
3. A world in which the category of "national economy", which dates back only a century, is becoming less relevant (...)
4. We will see later that the contemporary dynamics structuring the economic catch-up of (...)



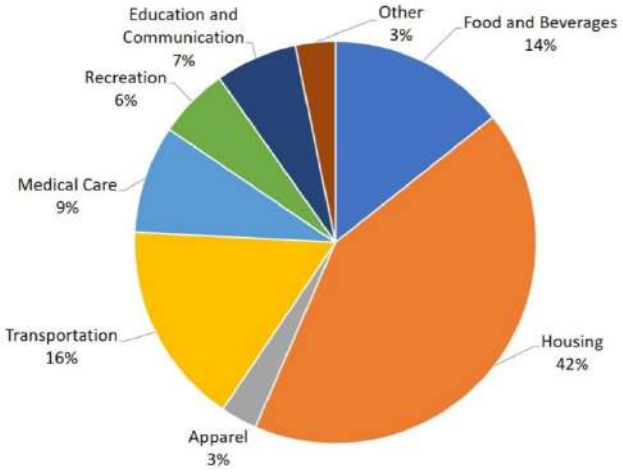
Analytical challenge in the emerging world from macro-economic categories

The analytical challenge in a world emerging from macro-economic categories modified by two centuries of economic disparities between countries relates specifically to the integration of these characteristics within the framework of the economics of sustainable urban development: integration and impact on resources, socio-political systems, and patterns of economic development. To this end, this chapter presents a theoretical proposal.outlines the meso-economic approach. I call the development of globalization the political economy of this transformation. In this sense, characterized by new regimes of administrative and political management of essential urban resources and services, it is qualitatively determined to a large extent by the globalization strategies of firms. This is in addition to classic catch-up growth.

The "Great Symmetry": An Analysis in the Context of Sustainable Development

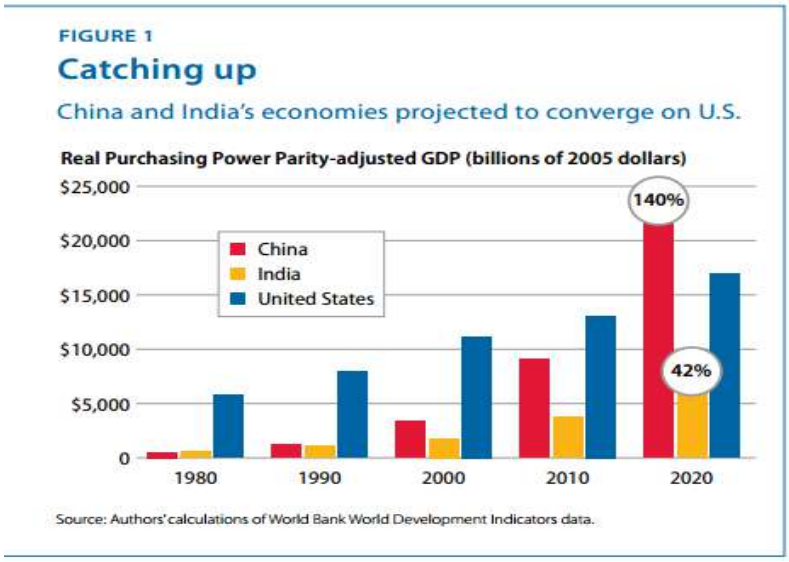
The concept of sustainable development is deployed according to an integrated analysis of three axes: economic accumulation, social and political construction, conservation of environmental resources. A dynamic concept, historical in essence, it is based on the idea that in the long term there is no development without a balance between different forms of "capital": physical, human, social, natural. This framework does not explicitly eliminate the political sphere or the social sphere, but on the other hand presents the interest of thinking about the boundaries between these spheres and the economy. We therefore consider it

particularly appropriate to illustrate the challenges of the economic turmoil mentioned. Let us now outline these three main axes of analysis in the case of the emergence of India and China.



Competition between Chinese and Indian economies in Asia

In economic terms, the geographical origin of production is reflected by globalization. We use the term "isomorphism" because it is not simply a question of quantities but of the reversibility of concepts. Asia quantitatively accounts for one third of world trade and production, but not all industrial output within any region of the world economy is now linked to the consumption of the corresponding region's population. As systems, the concept of "European economy" or "developed economies" no longer makes sense if they are not considered in exchange networks and global intra-firm production networks. The same goes for the "Asian economy", the "Chinese economy", or even, in recent years, the "Indian economy". There is no "convergence" or even "interpenetration", but a homogenization of questions and issues: each economic sector is increasingly an integral part of a common economic system. A large part of Asian trade is intra-Asian, involving semi-finished products and industrial assembly function.



The Asian economy today is an increasingly integrated economy into a common system of production, which was initially developed largely by Japanese companies and their investments in the "newly industrialized countries" (NICs). Japanese investments, as well as their affiliated firms in NIC, went to Asian countries that are now emerging, in the first place China, today India. The direct socio-economic impact is a catch-up to a macro-economic and regional quantity, GDP/inhabitant (and even more so to wealth measured in purchasing power parity). The contemporary dynamics of the emerging Asian world are thus bucking the trend of the past two centuries regarding the growth of global income inequalities: weighted by the mass of each country's inhabitants, inter-country inequality will take precedence over inter-country inequality. Country inequality characteristic of the "brackets" of the last two centuries (opened by England), which ceases to exist, at least for "really" emerging countries.

Advanced stages of capitalism from multinational companies

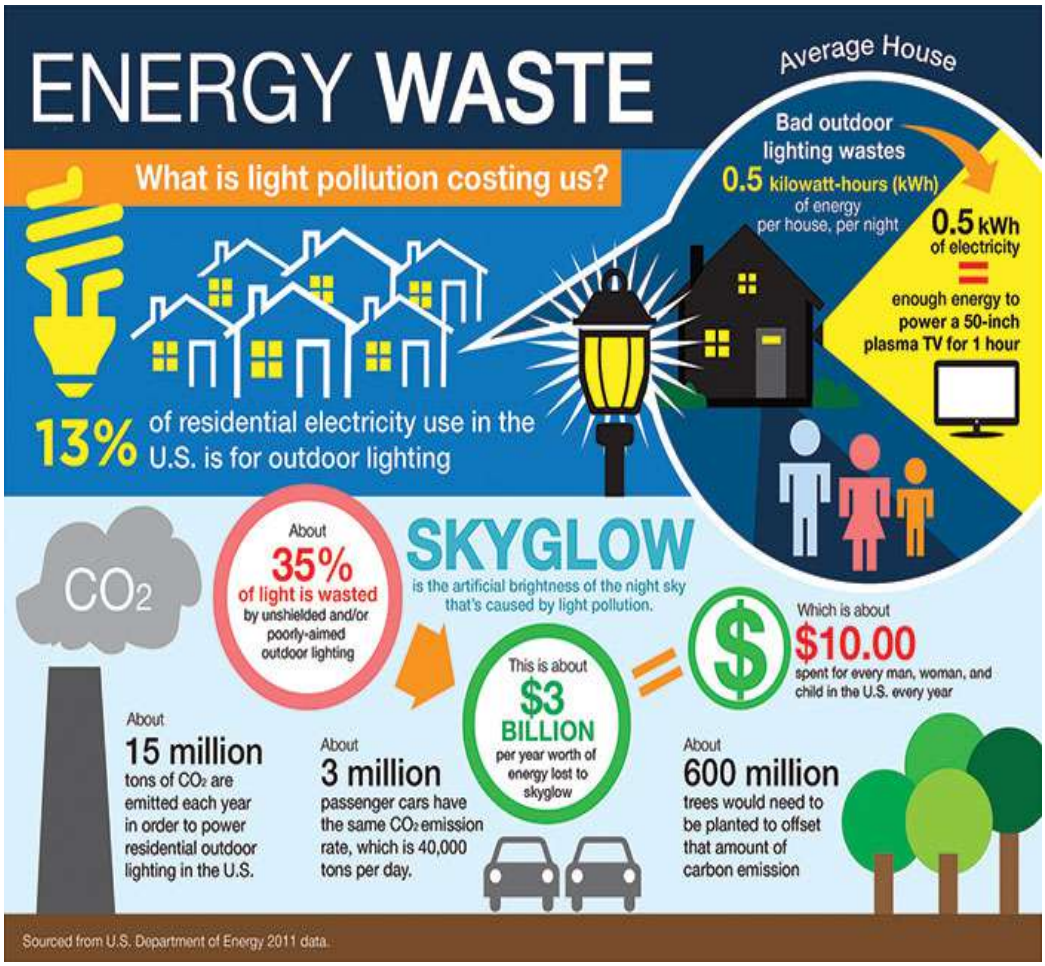
The first driver of the emergence of these countries has been identified for about ten years5: it is the combined presence of low wages and technological capabilities. But there is more, and classic quantitative macroeconomic indicators struggle to highlight the news qualitative and partly external dynamics: this combination, today, leads to a homogenization of actors of the advanced stage of capitalism that is increasingly becoming multinational. Companies (MFNs), which is also evident from the similarity of economic questions in different sectors mentioned above. over the course of the decade, with the result being a significant presence of multinational firms from emerging economies. In 2000, these accounted for 30% of the total number of multinationals in the world, whereas in 1990 they represented only 10% of all multinationals. Today the majority of them are of Asian origin, with almost three times the number of Chinese-origin multinationals, themselves now largely displaced by people of Indian origin. Their growth is based on innovative business models that even multinational companies from developed economies can no longer ignore.

State and social modernization

The second driver of emergence is linked to long-term state and social modernization, which most emerging countries have largely undertaken, first during their demographic transition and now during their educational transition. Given longer lifespans, lifetime cumulative income inequality has already been substantially reduced, opening the way to individual investment strategies that allow social catch-up (investment in secondary education then higher, health, training, etc.) Promotes. The bracket is not simply "closed": social and political structures-and hence possible forms of development-have been profoundly changed. The integration of modernity and its modification into new structures that "modernize tradition" reorganizes societies and their governance according to new divisions. The real issue of establishing a homogeneous and harmoniously developed society will revolve around the normalization of "capabilities", in Amartya Sen's sense, whose global nature is today increasingly deployed according to intra-country and intra-societal divisions.

Environmental issue

At the environmental level, the approach according to which "if emerging countries consume and produce like developed countries, development will not be sustainable" focuses only on emerging countries, and takes developed countries as "given". This is a stable view which assumes that the pressure generated cannot generate any discontinuity for "developed" countries. This position will not be tenable in the long run in international negotiations, and the EU and developed countries in general should take this into account in advance. The art of foresight is impossible in this area, but we see that the mass of emerging countries is symmetric and globalizing the problem to make it a common problem.



Energy consumption

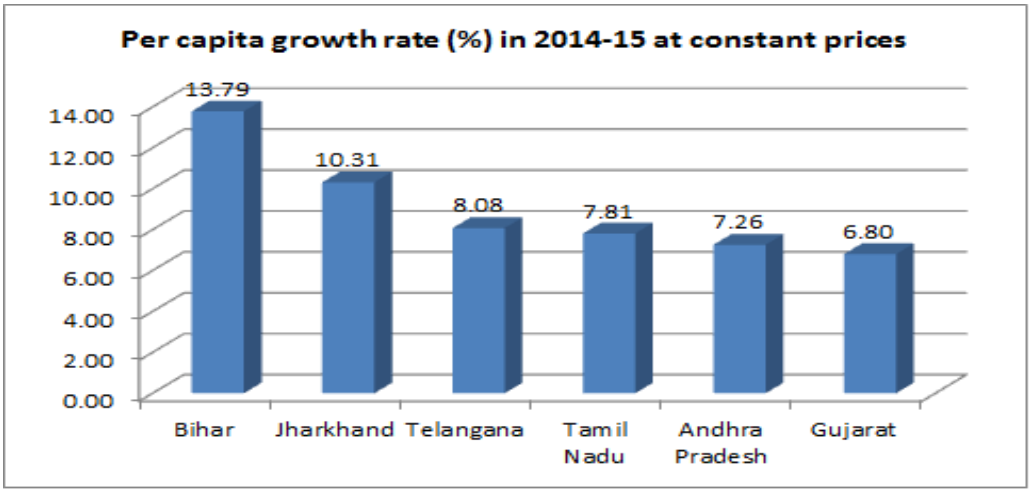
First let us take the example of energy consumption. Although energy demand is increasing in India, per capita figures are not very representative. India has a remarkably diverse society, and hence an economy. Energy efficiency cannot necessarily be examined at the micro level without considering the relationships between the structure of employment, poverty reduction, trends in access to forms of energy, and the amount of energy consumed. Particularly in the rural case, inflection points remain accessible depending on the policies in place, and extrapolation is inadequate.

India is the world's third largest coal producer

Thus, India is the third largest coal producer in the world. It is increasing its oil imports, and its energy demand will increase three to four times over the next 25–30 years (with a six-fold increase for electricity). This development is contemporary with the rise of China and will affect the global balance. However, India's share in world primary energy consumption in 2006 was only 1.1% of the total, while China, the United States, and the European Union (EU-25) consumed 15%, 21%, and 15.8% of the world total, respectively. In fact, this weak Indian demand matches the structure of GDP, which is explained by the political economy of the country: the framework for analyzing sustainable development (environment-economy-society) is most relevant in India.

Low per capita income, low per capita energy consumption

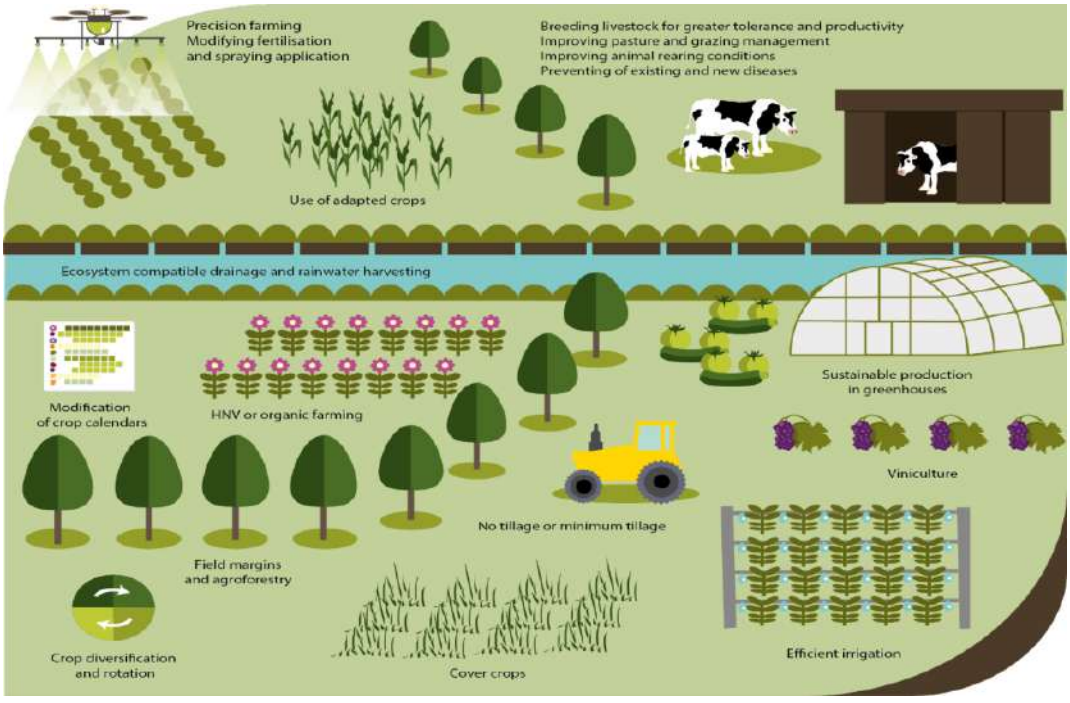
Within the Indian Union, growth varies greatly from one federal state to another, with the poorest states (Bihar, Orissa, Uttar Pradesh) growing more slowly than the national average. In these types of states, the problem is more one of an inefficient energy structure and a great local environmental destruction (deforestation and hence indirect contribution to the greenhouse effect) than a purely quantitative issue. India is ultimately characterized by a combination of low per capita income, low per capita energy consumption and low economic productivity of this energy. India is thus in a paradoxical situation: it is not directly its population that is at the source of the sustainability problem, but rather the mid-economic structure of its energy demand. If this problem becomes a common problem of humanity (energy is a global public good), it is not because of a macro question, but because of its fallacy on meso-economic questions. In contrast, solutions exist locally and are transferred globally.can be done, and they are also based on an analysis that links the economy, society and environment.



Concern about global warming in developed economies

In fact, the current phase of global warming coincides with the economic and industrial emergence of vast developing regions. This results in many quarrels around Malthusianism. Even if, as we have just suggested, this fear is unfounded in this case, the sheer size of emerging populations gives rise to concern in developed economies, and with it a conflicting vision of access to resources. Legitimated by the maintenance of a global environment for all, this notion sometimes includes a skewed conception of each nation's efforts: it will be the emerging countries that will disrupt the world. This approach responds quite directly to the opposite position: the defense of a vague “right to development”, often promoted by the richest of the countries concerned. The major risk in the system of dialogue expressed on international relations is to forget the necessary reflection on the reconstruction of development.

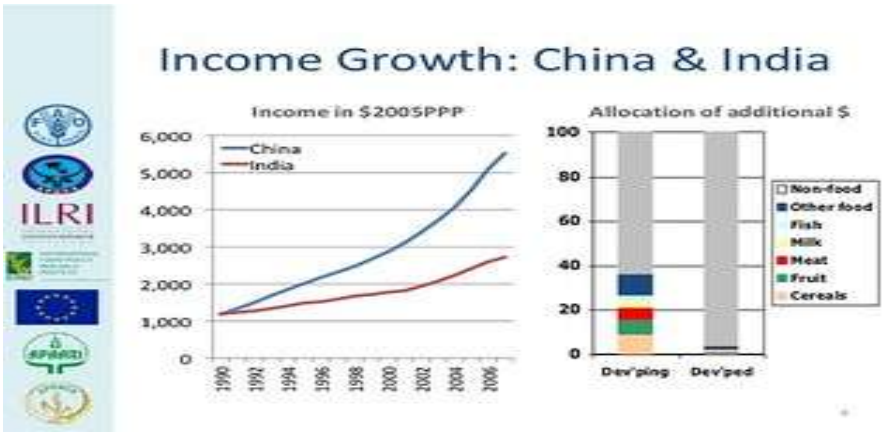
16 On the contrary, we want to suggest here that the world has a common interest in industrial cooperation between developed and emerging countries. The most effective environmental investments should be sought as a priority where the opportunities are strongest, where new infrastructures are being deployed for the greatest numbers, infrastructures that will structure the long-term demand and hence the footprint, of humanity's energy. However, in the coming decades, most of the growth and accumulation of physical capital will occur in the emerging world. It is currently experiencing a "demographic-economic window of opportunity" for several decades, that is, it has the maximum proportion of active workers to the minimum proportion of young and old dependents. : Today there is a large proportion of the world's active population, and the current technological revolution is fueling its growth. More than a threat, we can see here environmental and economic opportunities for what will essentially be normal.



China and India-partners with developed economies

On the contrary, at the economic level, since the developed world has-for the moment-a good part of the stock of global capital, the excess of which can only be invested outside the financial spiral, where the strength of work and global demand, levels of profitability. With which no longer needs to be displayed. For complementary reasons, China and India will be valuable partners-in the full and mutual sense of the word-with developed economies. European, American and African sustainable city models will be co-invented in Asia.Global balance by connecting "emerging" economies-

Thus, at the economic, social and environmental levels, which define the three components of sustainable development, the addition of "emerging" economies shifts the global balance towards an Asian center of gravity. Gandhi said, "England took half the planet's resources to achieve its prosperity. How many planets would a country like India need?". Indeed, while the Mahatma called on India-and no doubt China or Asia too-not to follow the path of England, the opposite happened. But, if he was wrong on the prediction, he was not wrong on the analysis, to the point that today it is India and Asia that will historically force "England" (c. i.e. the model of two centuries of parentheses), or even the "Global North") to redefine itself. In any case, the argument that it will be only the incremental rise of Asia that will break the world's environmental sustainability is tenable: the impact of the access of a large portion of humanity to educational change will be noticeable, as well as the restructuring of world production. In form, there is already a lot going on.

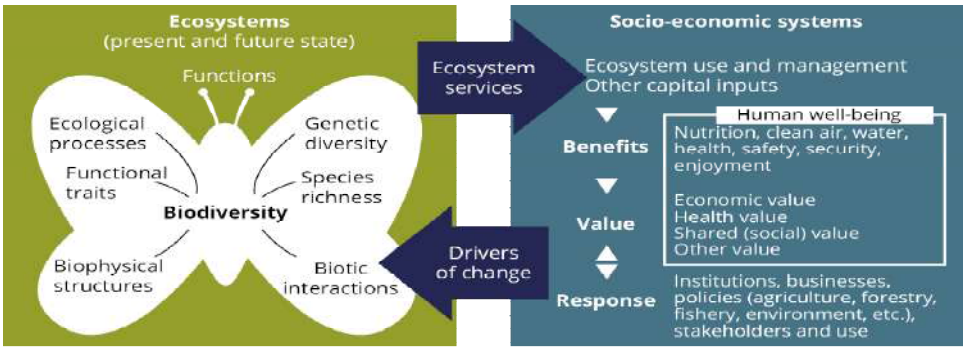


Practical issues of political economy

So much for potential long-term tensions, unless the text Keynes uttered in a contest is certainly less pressing, and which resonates today with a darker tone than "we're all dead". So, let us focus on two important questions. The first concern is to analyze the upcoming changes in development systems and environmental sustainability. The second focuses on the practical issue of a "cultured" political economy of development, and at least on a renewal of the analysis of the systems of production and regulation that define "many new varieties of capitalism" today.

The link between conservation of natural capital and development of human capital

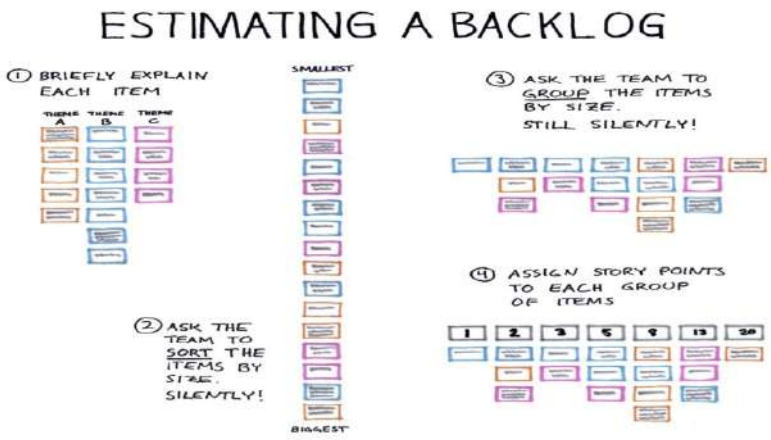
Asian Emergence and Sustainable Development Governance: The Centrality of Meso-Economic Analysis The economies of India and China, on average, are relatively inefficient in terms of the pressure on natural resources involved in world production. To get out of this situation, economic and social modernization is necessary, because this situation is not new. This is partly inherited from social underdevelopment, partly from the specific industrial policies of socialist regimes, partly from the inevitable-internal organization of the developmental state, and finally partly from-in principle avoidable-national trajectories of commitment to liberal economies. In excess of. In India, as in China, the current transition, despite economic successes, stems from the limited capacity of the developmental state to ensure equitable and sustainable access to essential services and resources (water, sanitation, electricity)11. There is a double blow. The evolutionary state ignores the processes of economic measurement, especially in the field of resources and essential services, while poorly controlled liberalization often leads to the complexity of the problem, making the macro-environmental nexus worrying today.



Alarmist Macro Estimate

Scale effects, agglomeration effects and diversity are determinants of Indian and Asian sustainable development. In dynamics, all these elements are complicated by the question of

irreversibility, which is important from an environmental point of view. Example: the implementation of "structuring" policies in urban systems built over decades on economic ratios and contemporary social choices. Or else: economic, technological, institutional and social trajectories that will have a certain environmental or social impact. Thus, China may be "old before it's rich" due to the implementation of the one-child policy since the late 1970s, while India, which develops services before industry and, therefore, creates few jobs, Raises new questions about. The sustainability of its economic and social models.

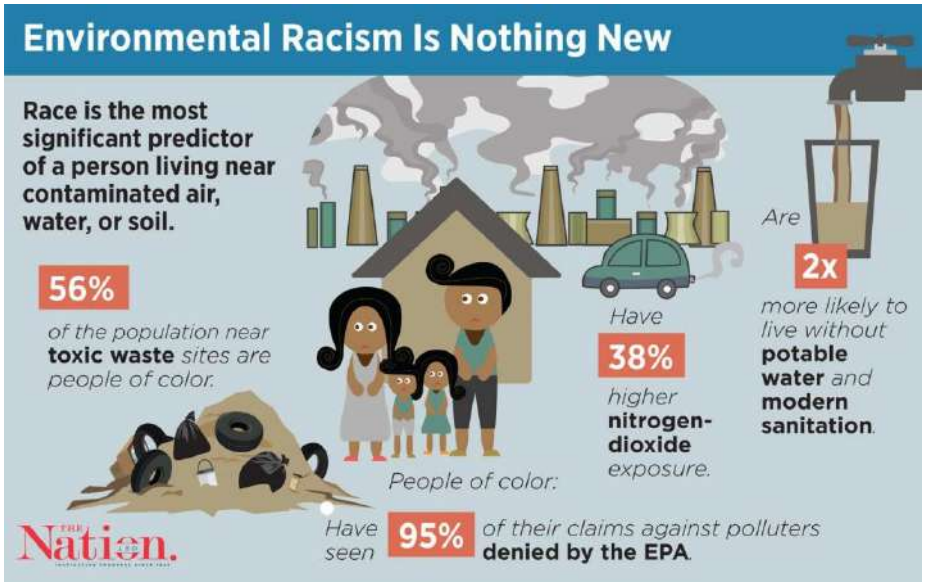


Displacement of industrial sites

India today faces rapid and large-scale changes in land use, displacement of industrial sites, overexploitation of water, agricultural degradation... More than 75% of water pollution in this country is of agricultural or domestic origin, In which less than 25% is dirty water coming from industries. Given the phenomenon of concentration and the investment potential specific to each case, the first type of pollution will be more difficult to control than the second. India has both low and inefficient energy consumption. Therefore, it must develop its coal reserves and diversify its energy (gas, nuclear, renewables, "clean coal"), its power plants are very polluting due to sulfur dioxide due to the low quality of Indian coal.

Conclusion

Social and environmental problems often respond to each other. A victim of dense population and poor public management, India is losing part of its forest cover. In dry areas (more than half of the country) groundwater is overexploited, which can lead to social instability. "Evolutionary" pressures have created five million displaced persons since independence, through the construction of dams. This flow of "relocates" to rural areas that have not experienced strong rural migration increases the pressure on the soil and leads to a vicious cycle of soil and water erosion. Arsenic water pollution is a concern in many areas.



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