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2015

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OVERCOMING THE NATURAL RESOURCE CURSE IN CHINA

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Abstract

The article deals with experience of overcoming the resource curse in China. The essence of the concept of resource curse is concretized. Factors of economic progress and the main tendencies in strategy of economic growth of China are revealed. Mechanisms of the economic policy directed on overcoming of negative impact of

resource curse in China are investigated.

Keywords: economic growth of China, energy resources, export.

Introduction

Prompt growth in the second half of the XX century of economy of China is connected, first of all, with attraction in national economy of considerable volumes of raw material (natural) resources for accumulation of rates of industrial production. As a result of domination of mainly raw tendencies in strategy of economic growth stocks of natural resources were considerably reduced.

Methods

In this article by means of methods of the analysis, logical generalization, scientific abstraction, and also the system and structural analysis of the experience of overcoming of resource curse in China is offered.

Results

The point of competitive fight for them leads limitation (deficiency) of the main for economy of China of resources (Table 1) to changes of economic rules of conduct and the global competition.

The global competition in this century is, first of all fight between the countries and groups for the order limited resources, natural, first of all. In the conditions of growth of the global competition, growth of resource expenses, essential price uncertainty, there is a question of strategy of development of availability of resources of the countries and the companies in search of continuous growth of efficiency and labor productivity. In the world global reorganization of economic activity, the most noticeable in the sphere of energy and material resources is observed. Increase in demand for natural resources (such as oil, steel or copper) is displaced from the developed countries to developing (mainly, Asian). According to forecasts of experts, demand for oil from China during 2005 - 2020 will almost double and will reach 15,4 million bars. in day [2], that is will reach the level of the USA, the greatest consumer of this resource, now.

The growing demand for energy and basic materials from the Asian countries along with low labor expenses mean that this region turns into the leading producer of metals, chemicals, paper and other material resources. China is the leading global manufacturer of steel and aluminum already today: the share of this country in world production of these major metals makes over 40%

and till 2015, according to the forecast of experts, will exceed also this indicator [1].

In process of acceleration of economic growth consumption of natural resources grows in China. In China consumption of oil during 1995 - 2004 practically doubled, and demand for aluminum, nickel and steel grew three times [2]. China aspires to create the accelerated rates the generating capacities and power networks to satisfy a growing demand for energy.

In general it is necessary to consider China the country with the rich reproduced natural resources by means of which it is possible to satisfy needs of the country for them at effective use.

Table 1. Volumes of the main for economic system of China of natural resources, 2014

Provinces of China	Reserves		
	Oil, one million t.	Natural gas, billion cubic meters	Coal, one billion t.
China	**2825,97**	**3462,73**	**297,56**
Beijing	–	–	0,6
Shansi	–	–	102,4
Inner Mongolia	72,3	611,5	72,8
Shandun	312,4	33,4	7,9
Henan	46,5	7,5	10,7
Hebey	248,1	25,2	4,5
Laonin	149,4	18,8	3,2
Heylunzan	538,6	128,3	5,7
Dzilin	172,8	54,6	1,4
Guydjou	–	0,27	11,3
Shensi	210,4	526,2	25,6
Sychuan	0,9	620,8	4,7
Sindzan	425,3	793,4	13,8
Zinhai	43,6	125,8	1,9
Tandzin	37,4	26,3	0,4
Gansu	132,3	17,2	4,8
Zansu	27,9	1,8	1,2
Hubey	12,4	0,13	0,6
Anhuey	1,7	–	7,3
Shanhai	–	–	–
Zansi	–	–	0,4
Chendzan	–	–	0,1
Fudzan	–	–	0,3
Hunan	–	–	1,7
Guandun	0,02	–	0,03

Guansi	1,37	0,17	0,4
Hainan	0,12	0,08	0,02
Chuntsin	1,5	180,4	1,8
Yunan	0,06	0,13	6,7
Tibet	–	–	–
Ninsa	1,3	0,12	4,5
Oceanic shelf	389,6	282,6	–

Source: [3].

Though stocks of natural resources in China are rather great, at calculation per capita the country considerably lags behind other countries of the world. In particular, on explored reserves of coal in China only 147 t are necessary. per capita that makes only 41,4% of the average world level, on oil reserves – 2,9 t. (only 11% of the average world level), on reserves of natural gas – only 4% of the average world level [3].

At first sight existence of stocks of natural resources is an undoubted factor of global competitiveness. However actually this thesis isn't incontestable for all countries. In many countries a large number of natural resources negatively correlates with rates of economic growth and vital standards.

Many scientists and experts, including the International Monetary Fund and World bank note a phenomenon of resistant inverse relationship between rates of economic growth of the countries and richness (existence of considerable volume) of natural resources. Interrelation between the size of stocks ("abundance") of resources and low indicators of economic activity I became a subject of special researches and I got the name "resource curse" or "paradox of plenty". The theory essence of "a damnation of natural resources" consists in the following: considerable volumes of natural resources (oil, gas, the wood, minerals) can be harmful for national economy and serve as the reason of economic recession (in the worst option – social and economic decline). Besides, in many economies which basis of economic growth are natural resources, negative social and economic processes are observed: folding of market and democratic institutes with simultaneous strengthening of authoritative tendencies in economic and public life.

Results of the researches devoted to the analysis of influence of natural resources on process of formation of effective model of social and economic development of the country have quite contradictory character. So, the research group of the World bank under the leadership of D. Lederman and V. Maluni came to a conclusion that there is no so-called phenomenon of resource curse as concentration of natural resources has positive correlation with

rates of economic growth [9, page 15 – 33]. Research of the prof. J. Saks, on the contrary, testifies to negative influence of surplus of natural resources on long-term tendencies in development of national economies [10, page 26 – 27]. Convincing proofs of existence of resource curse are provided in the work by P. Kolier [4, page 25] and focuses attention that only the countries with effective market institutes can avoid negative influence of resource surplus. The inefficient institutional structure of economies, high level of public and private consumption, insignificant or inefficient investments, replacement of a production activity with search of a rent – all this source is the resource curse.

In China, thanks to a certain economic policy, for many years the export income considerably grew. Their source – a set of the enterprises not of raw, but processing industry which foreign investors created in special economic zones of the country. Production of these enterprises was an export subject the income from which promptly grew. Nevertheless, any resource curse in China it wasn't observed as the country tied a course of the currency to US dollar and by that stopped possibility of development and negative impact of "a resource damnation".

Researches of a number of authors [7; 8] show that encouragement of the knowledge-intensive export more favourably from the economic point of view, than encouragement of export of natural resources. T. Gilfason came to such conclusion also in the research [6]. From Table 2 in which selection of 85 countries classified by population on large and small is presented it is visible that the countries with small natural resources have higher rate of economic growth per capita, than the countries with rich resources. Growth rate of economy per capita in the countries more generously presented with the nature is 4,5 times lower, than in the countries with less rich natural resources. Thus, the countries with rich natural resources have the negative indicator of economic growth per capita (-0,2%) confirming that export of natural resources is negatively reflected in development of economy of the countries with rich natural resources.

Table 2. Ratio of natural resources and economic growth in 1970 – 1993

Natural resources	Number of the countries	Data per capita	
		Arable lands, hectare	Economic growth, %/year
Small natural resources	20	0,16	2,7
including large countries	7	0,15	3,7
small countries	13	0,16	2,1
Rich natural resources	65	0,56	0,6
including large countries	10	0,56	1,3
small countries	55	0,56	0,5
including oil	8	0,44	0,8
mineral raw materials	16	0,66	-0,2
the other	31	0,57	0,7
Total	85	0,48	1,1

Source: [6].

The policy aimed on knowledge-intensive, but not for resource export is the most important factor of economic progress of China.

One of the most important indicators of rational use of natural resources is productivity of use of natural resources as a component of national wealth for increase of efficiency of processes of formation and realization of strategy of continuous development and identification of the directions of increase of resource efficiency, i.e. GDP ratio within a year in the country and the resource potential of development of economy. The calculations which are carried out on the basis of data of the World bank [5] allowed to establish that the volume of GDP of rather total amount of national wealth in China for 2005 - 2012 increased with 8,99 to 10,24% (Figure 1).

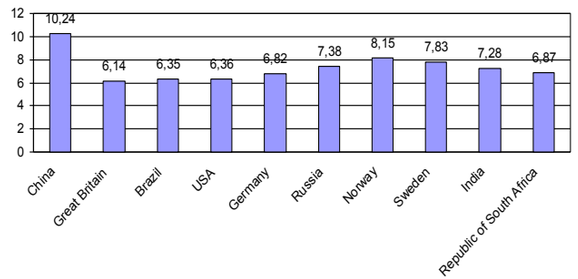

Figure 1. Comparative dynamics of productivity of use of natural resources in China and the countries of the world in 2012, %

Source: [5].

It should be noted that among the studied countries in 2012 productivity of use of natural resources in China was the greatest – 10,24%.

Conclusion

Thus, these researches testify to positive experience of overcoming of the resource curse in China. Application of experience of China in domestic economy can render assistance to reduction of a stream of abuses in the course of redistribution of a natural and resource rent and to of the resource curse transformation for the benefit.

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