



## China's Economic Transformation Strategy: A Model for Papua New Guinea Development

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### ARTICLE INFO

*Keywords:* China, PNG, Economic Development, Quality Leadership, Good Governance

*Received :* 1 September

*Revised :* 18 October

*Accepted:* 23 November

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### ABSTRACT

Before 1978, China was indisputably among the most destitute countries globally and was on the brink of total macroeconomic failure. Therefore, in 1978, the nation implemented a market-oriented economic reform and has since emerged as the world's fastest-expanding economy. When adjusted for buying power parity, China's GDP has surpassed that of any other country in the world. and it ranks second in nominal GDP, behind only the US. In spite of its vast natural resource endowment, achieving development in PNG has proven to be elusive. Although PNG specializes in crude oil production in the Pacific region and ranks 42nd globally, it is now one of the world's poorest nations. This report analysed China's economic reform effort and its potential applicability as a model for growth in PNG. Among other things, the nation's present economic woes have turned it into a crippled giant, and this research suggested that corruption and leadership failure are to blame. This study used the documentary approach, and the data produced were subjected to qualitative analysis. The analytical discussion revealed that robust economic plans or policies, along with exceptional or visionary leadership, laid the foundation for China's economic feats. Thus, the study proposes that the present underdeveloped state of PNG's economy may be improved by putting in place efficient government, excellent leadership, more funding for education and the development of human capital, and the organization of subsistence farming into cooperative societies. Therefore, the elimination of poverty, which is linked to inadequate governance, would be eradicated, and the typical mindset of the political elite in PNG of transforming the nation into a means of accumulating money would be abandoned

## INTRODUCTION

In recent decades, China has seen a successful ascent to global dominance and achieved national wealth. Foreign governments and national planners worldwide, especially in other regions of Africa and Latin America, Oceania and Asia, give significant consideration to China's economic plans. This endeavor is being conducted with the intention of gaining valuable information from the experiences of the Chinese people. Similarly, political scientists, economists, and development studies specialists have sought to determine the significance of the insights gained from the nation. Furthermore, they have exerted attempts to incorporate the knowledge gained from China into their own nations' development endeavours.

It is important to highlight that China was once comparable to the majority of impoverished nations across the world. Furthermore, the nation's population exacerbated the poverty experienced by its inhabitants. Despite the economic development experienced from 1952 to 1978, there was no significant structural economic transition, as shown by the fact that 83% of the population was engaged in the agricultural sector (Golosov, Cheremukhin, Guriev, & Tsyvinski, 2015). Before the economic revolution, the country's net exports accounted for a mere 3 percent of the total foreign commerce (Golosov, Cheremukhin, Guriev, & Tsyvinski, 2015). Indeed, the export of agricultural goods completely ceased after 1960. Through this period, both the people and the Chinese economy experience a state of underdevelopment.

Over a period of almost forty years, China implemented economic policies that perpetuated a severely impoverished economy. The economy operated under central control but remained sluggish. It exhibited significant inefficiency and was fairly isolated from the rest of the world economy. The economy of China has been expanding at a phenomenal rate since the beginning of trade liberalisation in early 1979, accompanied by the introduction of free market policies and state-controlled investment. By doing this, China was able to maintain a growth rate of 9.5% on average for its gross domestic product (GDP) up to the year 2018. The World Bank has characterized this rise as the most rapid sustained expansion of a significant economy in global history (Morrison, 2019, p. 2). Due to China's significant economic advancement, the nation has successfully lifted about 800 million individuals out of poverty and attained a remarkable buying power parity for its populace (Morrison, 2019).

The Chinese economic miracle was a result of strategic leadership based on effective economic policies implemented with strong political determination. The achievement was further facilitated by essential factors, including good economic policies, efficient institutions, excellent global economic circumstances, and political stability (Amira, 2008). To put it simply, the only thing that can support national progress is an environment that is both economically and politically favorable, together with leadership that is committed. This study analysed China's economic transition and explored how PNG may use similar approaches to attain economic growth, a goal that has evaded the nation for more than forty years.

The article is broken up into six sections so that it may succeed in achieving this broad objective. The first part of the paper is the introduction. A conceptualization of national development is presented in the second portion of the research, which is referred to as the conceptual analysis. Furthermore, the theoretical foundation is covered in the third section. The way that China takes to economic development is the topic of discussion in the fourth section. Papua New Guineans may learn from the Chinese experience and put their ideas into action to achieve economic development in PNG, which is the topic of the fifth portion of this article.

## LITERATURE REVIEW

This research is centered on the concept of development. Researchers generally acknowledge the notion's ambiguity due to its broad range of interpretations (Ottoh & Akintola, 2015). As a result, academics from a wide range of fields, such as sociologists, political scientists, economists, and political economists, as well as those who study development studies, have sought to define it. According to Ottoh and Akintola (2015), development is an all-encompassing notion that encompasses all of the efforts that are made to enhance human situations in every dimension. Even though economic growth is merely one aspect of development, it could potentially serve as its initial stage. In light of this, Todaro (reference Ujo, 2008) was of the opinion that development is a complicated and multi-faceted process that necessitates the reorganization and realignment of the whole economic and social system.

This indicates that there will be significant shifts in people's attitudes, habits, and ways of doing things, in addition to greater income and productivity (Todaro, 1982, as cited in Ujo, 2008). Todaro also said that this would result in significant changes in the institutional, social, and administrative frameworks involved. The argument posits that progress is a comprehensive process. The process of changing both institutions and individuals within a social system is referred to as social transformation. Meaningful development elevates individuals' living conditions from poverty to a high-quality standard of existence. From the point of view of the context, it is possible for economic growth to take place without a matching increase in the standards of living for the people. It is possible for an economy to expand without necessarily reaching a state of development. Development that has a significant influence on life happens when:

*"It ensures significant transformations in social frameworks, political perspectives, and national establishments, as well as expedited economic expansion, disparity mitigation, and complete poverty elimination (Lane & Ersson, 1997, cited in Omotola, 2006, p.29)".*

It is as a consequence of this that the significance of national development becomes more clearly evident. It is the entire expansion of a country, encompassing its socioeconomic, political, and religious components, that is referred to as socioeconomic advancement (Ottoh & Akintola, 2015). This growth is attained via the logical and practical planning of the political leadership of the group. To attain national development objectives, Ottoh and Akintola (2015) contend that governments use certain techniques. A nation is

said to have achieved national development when the efficiency with which it exploits its resources, the trajectory of technological advancement, and the changes in its institutions are all in alignment with one another. The human ability to meet people's demands and aspirations synchronises all of these factors. Therefore, Ojo (2012, p. 6) makes the following argument regarding national development:

*"Additionally, it includes not only a substantial sum of money but also all facets of social conduct, such as the enforcement of legal regulations, ingenuity in commercial transactions, integrity in business relationships, refinement, open-mindedness, knowledge of science, contemporary technology, and mechanical devices, and a general optimistic perspective on the country as a whole."*

Considering the aforementioned factors, national growth provides a generally favourable national perspective. Enhancing a country's international image confers a competitive advantage over other countries in the international system. The concept allows a nation to assert its authority within the international community. Furthermore, the country's prosperity extends beyond economic aspects to include the whole quality of life experienced by its citizens. The people have access to sustenance, housing, and viable employment opportunities. Effective national development ensures a basic level of living for all citizens. The rise of a nation's Gross Domestic Product (GDP) and the improvement of the quality of life of the local people are the two components that are considered to be the definition of economic development in this study.

### **Theoretical Framework**

The book builds its analytical foundation on Power Theory (PT). The thesis originates from the literature of intellectuals such as Niccolo Machiavelli (1469-1527), Thucydides (460-406 B.C.), Han Morgenthau (1957), Carr (1939), Kissinger (1984), and Thompson (1958) (Dauda, 2013). Within the field of international relations, this theory places particular attention on the allocation of power within the international system, particularly with respect to the interactions between states. The realist understanding of international politics forms its philosophical foundation (Dauda, 2002). Morgenthau (1957) defines power as the ability of individuals to exert influence on the thoughts and behaviours of others (as referenced in Dauda, 2002). Within the context of the international system, the term "power" refers to the entire capacity of a state to exert influence and govern the acts of other nations (Holsti, 1972, as cited in Dauda, 2002, page 18). There are two essential elements that power reveals. In the first place, power is a concept that is based on relationships. When exercising power, one must do it in connection to another kind of entity. In addition, power is a subjective concept; while making decisions, it is necessary to take into account not just one's own power capacity but also the power that is possessed by other state actors (Dunne & Schmidt, 2002, as cited in Dauda, 2013). These two points of view emphasise the use of power by nations within the international system.

The pursuit of national power is an innate urge, and those who are unable to build power really look forward to confrontation. The realist position maintains that the state has both the ability to pursue power and the sovereignty to use that authority. However, they also depend on the concept

that the efforts of countries to achieve strength within the international system would result in the creation of a balance of power, which will in turn reduce the amount of competition between states. This will give state actors the ability to modify or exert influence on the policies, priorities, and decisions of other entities. The ability of a state actor to participate in warfare or fend off foreign aggression is crucial. A state actor possesses the ability to fulfil its vital national interests (Ofoegbu, 1980, p. 15). Prioritizing power as a national interest necessitates that policymakers, including statesmen and bureaucrats, concentrate on enhancing the political environment, economic and social welfare, health, culture of the populace, and their own political longevity. Other nations are encouraging them to implement measures that will enhance the well-being of the population rather than adopting policies that would subject them to coercion (Adeniran, 2007, p. 301).

Thus, power theory in international relations, particularly concerning foreign policy, underscores the objectives of foreign policy that need advancement in relation to those of other entities within the international system (Dauda, 2010, p. 35). The independent pursuit of foreign policy goals by individual nation-states in the international system sometimes results in rivalry among them. It is said that the rivalry typically exhibits a zero-sum character, meaning that one party benefits more while the other incurs less. The inherent competitive nature of power politics poses challenges in reaching consensus on universal ideals. The first action of the state is to strategically arrange power inside its own borders, while the second action is to amass power on an international scale (Dauda, 2013, p. 20).

In this study, the application of power theory reveals that China's pursuit of economic growth, which has established the basis for her economic dominance, can be seen as a quest for power within the international system. As China engages with other nations on a global scale, her economic prowess becomes apparent in her interactions with them. As power theorists have underlined, it is essential to understand that economic strength, which acts as one of a country's power bases, is a factor that makes it easier for a country to achieve prominence in the international system. Specifically between China and the United States, the disagreement, cooperation, and trade sanctions are all rooted in the pursuit of strategic advantage for their respective national interests. This is the essential underpinning for all of these activities.

Adhering to power theory, China's endeavour to achieve economic growth may be seen as a pursuit of national interest. All of China's reforms to improve the nation's economic prosperity are measures aimed at improving the Chinese population's political dynamics, economic conditions, social welfare, health, and political survival globally. These activities are deliberate actions taken by the national authorities of China with the objective of improving the well-being of the populace. This is in contrast to the pursuit of policies that would make the people more susceptible to the domination of foreign powers. Therefore, what strategies did China use to successfully enforce this worldview and guarantee that all its citizens benefitted from competent leadership? Thus, the piece now focusses its emphasis more precisely.

## **METHODOLOGY**

### **An Examination of China's Plans for Economic Development**

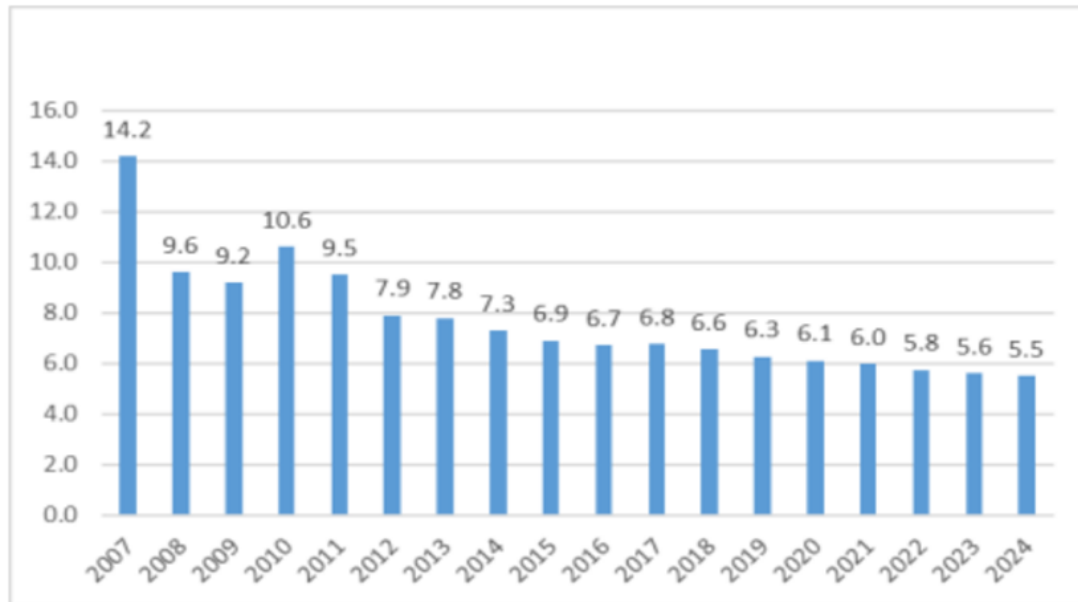
The Chinese economy was on the verge of a total and utter collapse prior to the year 1979. During that time period, the nation was found to be among the most poorest countries in the world. Nevertheless, starting in 1979, when the Chinese economy underwent a change, the nation has consistently maintained an average annual GDP of 9.5% (Morrison, 2019). The achievement of this magnitude by China is really remarkable. However, statistical research reveals that understanding China's economic rise requires understanding the historical context of policy development following Chairman Mao Zedong's tenure. Although Chairman Mao may have been responsible for laying the groundwork for the country's economic success, his passing marked the beginning of the amazing economic growth that has attracted the attention of the world community. Indeed, under the Chairman's leadership, China operated as a command economy with centrally planned operations. The state exerted significant influence on the economic output by establishing production objectives, regulating pricing of commodities and services, and allocating resources for economic activity (Morrison, 2019).

It was during the 1950s that the Chinese people began to organize their domestic agricultural production into large communes. There was a significant rise in output; nevertheless, the management of the project was not acceptable. During that period of time, the most common form of organization in the agricultural sector was a commune, which consisted of more than five thousand members. On the other hand, because of their enormous size, the task of organizing and managing them turned out to be an extremely difficult one (Cheremukhin, Golosov, Guriev, and Tsyvinski, 2015). The insufficient construction and design of the irrigation system was the key component that had the biggest influence, which ultimately resulted in a drop in agricultural productivity rather than an increase in that output.

The Chinese government, which previously had a centrally planned economic system, made extensive expenditures in the late 1960s and early 1970s to promote the nation's rapid industrialization. These changes were accompanied by a restructuring of foreign policy that included fostering collaboration rather than conflict with the international community (Besada, 2008). The objective of the program was to promote economic growth rather than prioritising revolution or isolation from the international community. During this period, China leveraged its longstanding diplomatic ties with many nations, particularly the emerging countries in Africa. The interactions manifested in heightened international commerce, financial investment, and economic collaboration. However, China's strategic economic objectives laid the foundation for their establishment.

In China, technological advancement and innovation facilitated the actualisation of physical and human resource development. This aided the nation's industrialisation process. China's human capital has also increased as a result. Currently, the majority of China's exports are manufactured goods (Lin, 2011). In addition, China's growth rate is beginning to match that of other large industrialized countries around the world (Morrison, 2019). The level of

productivity in China has dramatically improved as the country progresses toward being the global center of technology and innovation. This is demonstrated by China's annual growth and the country's projected advancement by 2024. Figure 1 below provides more detailed information on this issue.



Source: The World Economic Outlook Database, April 2019, from the International Monetary Fund (as mentioned in Morrison, 2019, page 6)  
Figure 1. The Real Annual Growth of China's GDP from 2007 to 2018, with Projections Through 2024 (In Percentage Terms)

The influence of Confucian culture was another decisive factor in driving China's national development. Previous research has shown that Asian economies often have extensive historical backgrounds and intriguing cultural advancements that have a beneficial impact on them (Klein, 2004). In spite of the fact that China has embraced and used Western technology for the sake of economic advancement, the country is vehemently opposed to Western practices and concepts that are harmful to its populace (Zhang, 2001). Confucianism's guiding principles have been instrumental in China's economic development throughout the course of its history. The culture promotes ideals that support Chinese economic rise, therefore facilitating its successful development.

Confucian culture has many subcomponents. When it comes to economic activity, there is a theory that suggests it must be dependent on total harmony, in line with natural laws, the domination of human people, and the avoidance of extremes (Hongyi, 2000). In this culture, it is believed that economic relationships should be used in order to restrict selfishness, reduce inequality, prioritize the building of wealth and a modest lifestyle, and encourage diligent labour. Confucianism, as stated by Hongyi (2000), maintains that the economic policies of the government should emphasize the welfare of the people, relieve poverty, and promote efficiency before any other considerations. Furthermore,

the culture emphasises the importance of education, achievements via diverse abilities, dedication to work, responsibilities, family, and devotion to familial duties (Kahn, 1997). The Confucian philosophy strongly condemns the excessive privatization of individual interests.

According to Evans and Flora (1996), trust is in great demand within the Confucian culture and is an essential component of China's social capital. Trust is a highly valued trait. It is a widely held belief among Chinese people that the actions of the next individual will likely be truthful, and the culture in China helps to reinforce this universal belief. This level of trust is a symbolic credit that prevents the chance of businesses engaging in fraudulent activities during transactions and encourages people to work together. This is not to say that there is no corruption among them; nonetheless, it is very rare. As a result, Evans and Flora (1996) contend that societies that have a low level of trust are characterized by deeply ingrained conventional beliefs and corrupt bureaucratic institutions, both of which restrict the possibility for effective economic progress.

Due to the fact that it is characterized by kinship, lineage, and family network, rural industry in China has been the most dynamic sector in the country over the course of the last several decades (China State Statistical Bureau, 1998). In addition to playing a significant part in the general restructuring of the economy, it was crucial in the successful transition of the nation from a centrally planned economy to a market economy. From 1978 to 1997, the GDP of China saw an annual growth rate of 9.5%, according to the China State Statistical Bureau (1998). While this was going on, the output of rural industries reached a pace of 27% each year. Without a question, the family network and the dedication to kinship both serve as the essential social underpinnings upon which economic advancement is built. Amira (2008) argues that strong family relationships provide the connections and responsibilities that result in group loyalty and density, therefore facilitating the mobilisation of resources for collective action.

In spite of the fact that the Chinese economy is not largely rural, it is rather a combination of a number of different economic systems. According to Klein (2004), a significant number of critics consider the economy to be a kind of market socialism. However, others, notably those living in the Western World, consider it to be a modified form of market capitalism. An indisputable characteristic of the economy, however, is its perpetual progress. The argument put out by Klein (2004) is that the rural reform was the impetus for the involvement of small commercial and small industrial firms, which later developed into export processing zones and special economic zones. These zones were designed to accommodate foreign companies alongside domestic industries, transforming unproductive areas into shipping facilities, airports, and financial institutions in newly established but limited cities. This subsequently transformed China into a major recipient of Foreign Direct Investment (FDI). Nevertheless, Chinese involvement in the Diaspora contributed to this outcome.

The United Nations Conference on Trade and Development (UNCTAD) has identified China as the primary receiver of Foreign Direct Investment (FDI) among developing countries (UNCTAD, 1996). Several variables, including the Chinese trust level and the Confucian-rooted communal structure of Chinese society, contribute to the Chinese economy's ability to attract FDI. A number of factors that contribute to this phenomenon include the scale of the market, the improvement of infrastructure, the liberalization of FDI policy, the political stability, and the low cost of labour in China. Furthermore, the nation's near cultural and physical closeness to important Asian sources such as Singapore, Taiwan, Japan, and newly industrialized nations contributes for the biggest share of FDI. Therefore, Amira (2008) contends that the majority of ethnic Chinese enterprises are under family ownership. Despite the official listing of several corporations as public companies in recent years, the author argues that the founding families still maintain effective control over them.

Prominent Chinese enterprises situated abroad and Chinese in the Diaspora also contribute to the attraction of FDI to China. By highlighting the inherent advantages of trust among the local Chinese community, these companies attract FDI into China. In addition to this, they highlight the benefits of investing in China's favorable business environment, which is characterized by comparatively low overall investment costs and labour expenses. It is argued by Rubin (1995) that a considerable number of businesses that want to invest in China often use Chinese staff or intermediaries in order to expedite their negotiations and administration. This includes Chinese students who are either returning to China or remaining abroad.

Therefore, the present condition of China's economy may be attributed to a convergence of many factors that have occurred throughout history. The accomplishment of this objective, on the other hand, would be impossible in the absence of leadership that is both innovative and forward-thinking, and that ensures productive governance. Indeed, Klein (2004, p. 12) argues that the Chinese economic advancement, enabled by a strong Communist Party and political leadership, is unquestionably a distinctive historical event. There is no complacency among the leadership in China. It is with the intention of establishing China as a worldwide front runner in these domains that China has begun its Made-in-China 2025 program (Morrison, 2019). The program's goal is to provide a significant transformation in manufacturing across 10 major sectors of the economy. A smart, high-technology, services, and green energy economic strategy is being implemented in China as the country is transitioning away from an energy-intensive and highly polluting industrial and technology operating framework.

## RESULTS AND DISCUSSION

### Implementing China's Economic Development Strategies in Papua New Guinea

For the purpose of accelerating economic development in the country, political leaders and policymakers in PNG might potentially acquire many significant lessons from the experiences of China. Initially, PNG must structure its agricultural industry in a manner that would provide a significant contribution to the Gross Domestic Product (GDP) and overall economic well-being of the people of PNG. The Chinese example demonstrates that subsistence farming may be a significant contributor toward the economic development of any country. When it comes to effective structuring of the industry, PNG has a comparative advantage over China. Although China structured its farmers into communes consisting of 5000 members, the bulk of PNG's population relies heavily on agriculture for their livelihoods. Agriculture is the fundamental support system, the mainstay of the rural economy, and the country's central focus. The agricultural sector is responsible for producing all the food necessary for survival and serves as a foundation for employment and revenue creation for more than 85% of the population. Yet, the industry accounts for a mere 30% of the country's GDP (PNG E-agriculture Strategy, 2018). As a consequence of this, PNG has not completely capitalised on the potential benefits that agriculture may provide for the promotion of its economic growth. It is possible that the majority of the farming in the country, which is done for subsistence purposes, might be organized into cooperative societies throughout the country. It would then be possible to correctly evaluate the influence that these societies have had on the economic growth of the country.

PNG could draw lessons from China's extensive investment in both physical and human resources. China demonstrates a strong commitment to investing in the educational sector, thereby facilitating the country's progress in terms of human resources. Budget allocation for education is a topic of utmost importance in China. In terms of the annual budget and national appropriations over time, the situation in PNG differs significantly from what China can achieve. According to the National Bureau of Statistics of China, China's investment in education has increased at an average rate of 19% over the past decade (as cited in Organization for Economic Cooperation and Development, OECD, 2016). This is despite the fact that China has a student population of over 260 million and a teacher count of over 15 million across 514,000 schools. According to the New York Times report, a total of 218 billion yuan, which is equivalent to 27.25 billion United States dollars, was allotted by China for a nine-year term of compulsory schooling over the course of five years, beginning in 2005 and ending in 2010. This financial assistance went toward the purchase of books, the provision of subsidies for students who came from low-income households (in addition to providing free education to all students), and the payment of wages to instructors working in remote areas (as cited in Tao, Berci & He, n.d.). With the exception of any expenditures made on the education sector as a whole, this budget was solely directed at rural education.

Between the years 2011 to 2013, China allotted a total of thirty billion Chinese yuan to financially support one hundred thousand educational institutions (OECD, 2016). Over the same time frame, PNG allocated an average of two billion PNG kina annually, amounting to a total of six billion kina for education. This goes against the Chinese Educational Law, which stipulates that the share of government spending that is dedicated to education shall increase in accordance with the nation's economic development and revenue growth (OECD, 2016). This is a breach of the law. When compared to the budget for the education sector in 2018, this indicates that China's GDP growth rate of 6.109 in 2019 (World Bank, 2019) will result in a 6% increase in the budget for the education sector. In the country of PNG, the execution of the guideline established by the United Nations Educational, Scientific, and Cultural Organization (UNESCO), which commits 26% of the yearly budget to the education sector is not seen as a priority.

In PNG, it is essential to strengthen the culture of trust. China's social capital has been seen as a significant contributor to the country's overall economic growth. When compared to this, the culture of lawlessness and misconduct has become firmly ingrained in the setting of PNG. It has become an integral part of every aspect of PNG's national existence. This phenomenon has infiltrated the domains of education, health, society, economy, and politics. This contradicts the state of affairs in China, where the Confucian culture strengthens the shared assumption among Chinese that the next individual will exhibit honesty. It facilitates collaboration in business transactions and almost eliminates the possibility of fraudulent activities.

PNG, unlike China, lacks adequate government systems. Confucianism in China compels the government to prioritise its economic strategies on the general population rather than the elites. It is one of the key reasons why the government of China places the elimination of poverty as its top priority. Additionally, as a result of this phenomena, the government and political elites decide to place an emphasis on efficiency rather than mediocrity. Consequently, PNG must ensure that all economic policies prioritise the well-being of its people. The majority of policies in PNG are characterised by elitism. As a result, the objectives of their formation are rarely achieved. People often regard PNG, unlike China, as one of the most impoverished nations in the Pacific region. Roughly 40% of the population is below the poverty threshold set by the national government. The high incidence of rural poverty has a particularly negative effect on the agricultural sector. PNG's poverty rate primarily stems from a lack of understanding of efficient agricultural techniques and a lack of commitment from the government. Undeniably, there exists a correlation between poor governance and poverty in PNG. In any location, corruption is a fundamental aspect of an inadequate or ineffective government. Without acknowledging the existence of inadequate democracy, discussing poor governance is almost impossible.

With the aim of achieving economic dominance globally, China strategically exploited the trade zones to achieve global economic dominance. Small businesses, both commercial and industrial, were turned into special

economic zones and export processing zones inside the country as a result of this initiative. These zones were intended to accommodate international companies that transformed repurposed lands, constructed marine infrastructure, established airports, and established banking institutions in newly designated but limited urban areas. Investing in Free Trade Zones (FTZs) in PNG has the potential to stimulate growth if approached with seriousness. It also serves as a way to attract significant FDI. In its approach to the Pacific country, China extends infrastructure funding and pledges future market access without the regulatory challenges encountered by other trade partners. Political leaders and government officials in PNG acknowledge the significance of China's involvement in securing essential investment. In 2020, the PNG government has granted approval and pledged to allocate K100 million (US\$28.5 million) to initiate the nation's first Special Economic Zone (SEZ). Once it is fully operational, this initiative is expected to generate approximately 500,000 jobs both directly and indirectly within the country. Among the features that will be included in the development are a free trade zone, a petroleum park that is intended for petrochemical operations, an industrial zone, a marine park, a forestry park, a technology park, airport and a deep sea port, a township that will contain resorts and hotels, and a government and administrative area. The second phase of the Ihu Special Economic Zone (SEZ) has received a total funding of K10 million. Since then, a significant number of investors have fled to PNG. Furthermore, in 2020, the national government enacted the Special Economic Zone Authority Act. Within the resources industry, Santos, a prominent oil and gas corporation, has a significant stake of 13.5% in the PNG LNG project. A significant investor, Total Energies, plans to spend an estimated \$10 billion towards the Papua LNG project. They have started the comprehensive Front-End Engineering and Design (FEED) phase of the project in March 2023. Nevertheless, Total Energies plans to declare the "final investment decision" (FID) for the project at the beginning of 2025.

Overall, PNG will only continue to aspire to the level of growth seen in China unless effective and aggressive leadership is assured. Inadequate leadership is the primary obstacle to progress in the nation. Analysts have characterised the Chinese leadership style as very atypical (Klein, 2004). PNG is urgently in need of innovative and visionary leadership. Unless PNG's leadership becomes selfless and incorruptible, the country's national progress will continue to be difficult to achieve and a mere illusion. Many PNG politicians have strategically transformed the nation into a means of amassing wealth, rather than using its resources to promote the collective welfare of all Papua New Guineans. The successful execution of development initiatives like Vision 20:2020 and the Economic Recovery and Growth Plan (ERGP) will only accomplish the established goals if the nation has competent and productive leadership. With this approach, PNG can only replicate China's remarkable growth.

## CONCLUSIONS AND RECOMMENDATIONS

The goal of this study is to clarify the factors that contributed to China's remarkable expansion and economic supremacy. In addition to the historical development regarding economic policy that have been executed inside the nation, China's success can also be credited to the strong leadership that has been supplied by the political elite. The implementation of state development policies facilitates the significant adaptation required for China's economic advancement. In response to particular conditions, the country has used different economic growth strategies. Thus, the research recognises that for economic advancement in PNG, the government ought to structure its agriculture sector in a manner that may greatly boost the GDP and improve the standard of living for all citizens of PNG. It has been suggested that the government should organise the existing subsistence farming in the country into cooperative organisations in order to evaluate their influence on the economic progress of the nation.

The study also contends that if PNG receives sufficient investment in its physical and human resources, it has the potential in order to accomplish the same degree of development as China. The Papua New Guinean government should allocate resources towards both infrastructure enhancement and quality education. This paper advocates for sufficient financial support of education at every level. An analysis of the yearly budget allocation and expenditure statistics reveals that PNG does not meet the UNESCO recommendation of 26% of the total allocation and expenditure of its annual budget on the education sector. Without completing this task, the progress of the education sector, which would later have a magnifying influence on the nation's overall growth, may remain quite elusive. The presence of pervasive corruption makes it impossible to acquire the current degree of economic advancement in China. PNG should eliminate corruption and aggressively bolster the extent to which one has faith in both the government and its people. To thoroughly eliminate impunity and corruption, it is crucial to foster a culture of trust across the country. It is imperative for PNG to eliminate corruption in the areas of education, healthcare, society, economy, and national politics. An absolute necessity is to meticulously cleanse the entire country of corrupt practices. This should be the fundamental basis of efficient governance.

Given that Confucian culture emphasises that the government's economic policies should prioritise the people and alleviate poverty among them, the PNG government's actions should also adhere to this principle. A multitude of measures implemented in the nation have shown that their results mostly benefit the privileged few. As a result, PNG is severely affected by poverty, with over 40% of its population living below the poverty line. The correlation between weak governance and poverty in PNG is plainly apparent. Therefore, competent leadership should prioritise the execution of diverse development plans with a focus on people and avoid turning the Papua New Guinean State into a tool for accumulating money. Instead, it should maximise its resources to promote the overall welfare of all Papua New Guineans.

## **FURTHER STUDY**

This research still has limitations so further research is needed related to the topic of China's Economic Transformation Strategy: A Model for Papua New Guinea Development in order to perfect this research and increase insight for readers.

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