Opening statements

Defending the motion

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The Economist poses a challenging motion, but it is miscast: the Chinese "model" is not better or worse, it is different. Moreover, it is not a "model" per se.

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Americans and Europeans are pessimistic about their future as they recover from the global crash their own financial systems set off.

The moderator's opening remarks

Aug 4th 2010 | James Miles

Many observers have noted an uptick in the pride—swagger even—of Chinese officials since the eruption of the global financial crisis in 2008. China's economy, despite a blow to its export sector, has kept powering on. Millions of migrant workers lost their jobs in the early months, but now factories cannot find enough of them and wages are beginning to rise. Unrestrained by the need for democratic debate, China simply ordered its banks to turn on the spigots and the cash instantly flowed. Once few in the West would dream of praising a one-party state (a purportedly communist one at that), with an ambivalent attitude towards private enterprise and an utter contempt for dissent.

Now talk of a "China model", or a "Beijing consensus", has become all the rage.

Interestingly, it was not a Chinese but an American, Joshua Cooper Ramo, who popularised the term Beijing consensus in 2004. China, wrote Mr Ramo, a former foreign editor of Time magazine, was in the process of building "the greatest asymmetric superpower the world
What was interesting was that Chinese intellectuals themselves had been so reticent about proclaiming an alternative to the American way of doing things. Chinese leaders have long been reluctant to portray their country as an alternative centre of global gravity, fearing that to do so might drag them into conflict with the pre-eminent superpower. But there are hints of change now. China's economic power, amid the West's malaise, has begun to encourage a greater assertiveness. China is beginning to make its voice heard in the shaping of the world order, from the financial realm to that of global security. A slew of books and articles have appeared recently in China proclaiming, or arguing about, the notion of a "China model". Mr Ramo's provocative essay has become all the more apposite.

Given how ill-defined the terms are—there are no agreed definitions of "China model" or "Beijing consensus"—I would urge participants to think of the debate this way: is China, in the way it is developing, getting something right that democratic, free-market-espousing developed countries are getting wrong? If so, does this mean that developed countries should change the way they think about economics and politics, and how they attempt to guide the developing world? If, for example, China's autocratic system helped it respond quickly and decisively to the global economic meltdown, should we see merit in restraining democracy? If what some see as an even bigger problem, climate change, requires rapid and far-reaching efforts to reduce greenhouse gas emissions, should we forgive China's fondness for diktat? Or does talk of a "China model" mask weaknesses in China's system that will become more apparent in the years ahead and shift global opinion back in the other direction? China-related issues often provoke heated debate among readers of this website. I look forward to a lively discussion.

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**The proposer’s opening remarks**

Aug 4th 2010 | Stefan Halper

*The Economist* poses a challenging motion, but it is miscast: the Chinese “model” is not better or worse, it is different. Moreover, it is not a “model” per se. In my book, “The Beijing Consensus”, I described it as a complex set of developments and reforms over the past 30 years that owe their success to the unique qualities of China’s culture, demography, geography and governing philosophies. In this sense, there is no “model” to speak of that can be replicated or exported to places like Latin America or Sub-Saharan Africa.

This is not to suggest that developing countries—and others—around the world have not followed China’s example closely and attempted to replicate specific programmes. Nations from Iran to Myanmar to Venezuela have poached Chinese innovations to solve problems; parts of China’s internet-monitoring protocols, for example, are now found in Iran.

It is beyond the nuts and bolts of its colossal 30-year transformation, however, that we find China’s true challenge. It exports something simpler, more appealing to many and indeed more corrosive to western pre-eminence. This is the basic idea of market authoritarianism. Beyond any other aspect of China’s example, and beyond everything else that China sells to the world, it functions as the world’s largest billboard advertisement for “going capitalist and staying autocratic”.

Its significance has less to do with “development models” and more to do with winning the “battle of ideas” about the optimum relationship between the rulers and the ruled. As detailed in “The Beijing Consensus”, China promotes values and norms that challenge the foundation of western governance and that hold great attraction for governing elites in the “world beyond the West”. It promises regime leaders authority without contentious legislatures or challenging media, and it promises the people employment, housing and a better future. It demonstrates that improving the environment, labour conditions and social services can be set aside—for a while—to accommodate “breakneck growth”. Crucially, it does not promise an open public square or the rights of free speech, belief, or association. The public is invited to respect the authorities and stay out of politics.

Still, China’s achievements are significant. It is a “third world” nation that has risen to the pinnacle of world power and is, unsurprisingly, the envy of others seeking to do the same.

A quick look at the numbers:

China has grown by an average rate of 11% over the past 30 years. Its hard currency reserves are the largest in the world, now approximately $2 trillion. While the West struggled for growth during the 2007-09 recession, China grew by more than 8%. Since 1980 hundreds of millions have been lifted out of poverty: according to Chinese government statistics, the poverty rate (defined as households...
endemic corruption, environmental degradation, labour disputes, dramatic inequities between the coastal and interior provinces, an identity crisis with the decline of Maoism, rising class differences and a quixotic nationalism are all part of everyday life.

The Communist Party remains the sole source of state-sanctioned power, and notions such as “checks and balances”, “an independent judiciary”, “a loyal opposition” and “transparency” are largely absent. Commerce for many foreign companies is a nightmare; Chinese and western business practices are very different, with privacy violations, intellectual property theft—a $200 billion per year business—and the state-sanctioned theft of corporate secrets all too common.

Yet, if these accent the problems and faultlines in Chinese society, China’s market-authoritarian system is accepted by the vast majority of its 1.4 billion people. Moreover, trading employment, housing, stability and a steadily improving quality of life for an open public square is equally acceptable to a majority of the world’s 5 billion people, who have known little else.

As the government has expanded its commercial relations, political relations have followed, with China now the largest investor in Africa and many parts of Central Asia and Latin America. One local effect of China’s mentoring embrace is that its market-authoritarian example marginalises the principles of governance that have informed western progress for over 200 years. In people terms, it means that for those ruled by governments that admire and, even in small ways, seek to replicate China’s market-authoritarian example, the prospects of experiencing democratic civil society are remote—perhaps non-existent.

Thus the point is not that “China offers a better development model than the West”. Talk of models misses the point. Rather, China is quietly remaking the landscape of international development, economics and community—and by extension politics—in ways that progressively limit the projection of western influence and values beyond the NATO bloc. It is, in effect, catalyst-in-chief for a profound and disturbing process: China is shrinking the idea of the West.

The opposition’s opening remarks

Aug 4th 2010 | Susan Shirk

Americans and Europeans are pessimistic about their future as they recover from the global crash their own financial systems set off. With their vision distorted by angst about the decline of the West, they overestimate the strengths of the Chinese system, just as they idealised Japan in the 1980s. True, China’s economic performance is even more impressive than Japan’s was. Since introducing market reforms and opening itself to foreign trade and investment in 1978, China has achieved a historically unprecedented three decades of over 7% per head income growth.

But there are many reasons for China’s remarkable economic performance, some of which—such as the more than 70% of the population of working age or the massive domestic market—have nothing to do with the wisdom of its policies. Moreover, Beijing’s economic strategy has shifted over the 30 years of reform and opening. Chinese economists scoff at the notion that there is one consistent “Chinese model of development”.

At a recent symposium I attended in Beijing, western economists debated why the takeoff during the 1980s had been so successful. Was it the de-collectivisation of agriculture and return to household farming? The regional experiments that reduced the risks of reform? The fiscal decentralisation that provided the incentives for local government officials to promote market activity? The gradual marketisation around the margins of the central plan? The Chinese economists, however, were more interested in figuring out why market reform had stalled in the 2000s. They lambasted recent policies for expanding the role of government in the economy, favouring state-owned heavy industries and squeezing out private enterprises.

After achieving takeoff through a market-oriented experimental approach, China’s leaders started throwing an enormous amount of money into investment in industry and infrastructure. That approach worked well to copy advanced countries, industrialise quickly and transfer workers from the countryside to coastal factories. But now that China is moving into a new stage, with rising wages and a more educated and demanding citizenry, this approach no longer fits. The government is now casting about for new strategies, such as fostering “indigenous innovation”, which are not likely to succeed through the same kind of top-down mobilisation of resources. I bet by the time the proponents of a China model figure out exactly what it is they like, the Chinese will have been forced by changing circumstances to
Citizen protests over the industrial poisoning of rivers are a frequent occurrence. Environmental pollution has reached catastrophic levels—16 of the world’s 20 most air-polluted cities are in China. The World Bank estimated the total cost of China’s air and water pollution was 5.8% of gross domestic product as of 2007.

Westerners bemoan the protracted and disorderly decision-making of democracies and envy the decisiveness of China’s authoritarian rule. In fact, the Chinese policy process is much less decisive than they imagine. Obtaining bureaucratic consensus for bold departures has become increasingly difficult because today’s leaders lack the personal authority of a Mao Zedong or a Deng Xiaoping. The central government is unable to enforce many of its directives among the 35 provincial level units even though it appoints the governors and party secretaries of these units. It issues regulations to protect the environment and improve health, education and pensions. But provincial leaders, whose promotions depend primarily on growth rates, simply ignore them.

Admiring foreigners may be surprised to know that rapid economic growth has heightened the political insecurity of China’s political leaders. The communist politicians wonder how long they can remain on top of a society that is more mobile, more open to the world and better informed than in Mao’s time. They see threats to their power lurking around every corner, and invest heavily in controlling the content of the media and the internet, keeping petitioners from travelling to Beijing and squashing any organisation independent of the state. According to a recent Chinese analysis, the government spends as much on internal security as it does on national defence. Yet it was caught by surprise by the violent ethnic protests in Tibet and Xinjiang, suggesting that its monitoring and control capacities are faulty.

In 1989 millions of students demonstrated for democracy in Beijing’s Tiananmen Square and 132 other cities throughout the country. The Communist Party leadership split over how to deal with the demonstrations, and only because the military followed Deng Xiaoping’s orders to forcibly disperse the demonstrators did the People’s Republic survive. The political system remains vulnerable to the dangerous combination of protests and open splits in the leadership. The Communist Party’s efforts to create non-electoral channels for public participation have failed to stem the increase in protest activity. Meanwhile, the commercial media and the internet make it harder to hide divisions among the elite from public view. Leadership splits telegraphed to the public over the internet have triggered revolutionary upheavals in other authoritarian regimes. Despite China’s impressive economic growth, it will be hard for it to avoid the same fate.