

The China Model: can it replace the Western model of modernization?

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China's economic success under an authoritarian political system in the past 30 years has raised a question about whether the China model will replace the Western model of modernization. This paper seeks answers to this question by exploring to what extent China offers a distinctive model of economic and political development and whether the China model represents a successful co-existence of a free market and an authoritarian state in order to maintain economic growth and political stability, as well as discussing what the appeals and limitations of the China model are.

China's rapid economic growth in the past 30 years has stood out as one eye-catching exception to the general pattern of modernization in the West and provided an example for some developing countries to follow suit. As one observer indicated, 'from Vietnam to Syria, from Burma to Venezuela, and all across Africa, leaders of developing countries are admiring and emulating what might be called the China Model'. According to this observer, the China model has two components. The first is to copy successful elements of liberal economic policy by opening up much of the economy to foreign and domestic investment, allowing labor flexibility, keeping the tax and regulatory burden low, and creating a first-class infrastructure through a combination of private sector and state spending. The second component is to permit the ruling party to retain a firm grip on government, the courts, the army, the internal security apparatus, and the free flow of information.¹

Indeed, China has tried to strike a balance between economic growth and political stability and between a market-oriented economy and an authoritarian state to sustain its continued economic growth in its modernization efforts. China's success has raised a question about whether the China model will replace the American-style

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1. Rowan Callick, 'How long can economic freedom and political repression coexist? Rowan Callick examines Beijing's sinister policy formulation', *The American*, *The Journal of American Enterprise Institute*, (November/December 2007), available at: <http://www.american.com/archive/2007/november-december-magazine-contents/the-china-model>.

of capitalism or Western model of modernization because ‘what China has achieved in the last couple of decades legitimately lays siege to many of our most deeply held notions about the realities of government and economics’.² It is from this perspective that one observer asserts that China has become the ‘biggest potential ideological competitor to liberal democratic capitalism since the end of communism’.³

Indeed, the China model has posed a serious challenge to the dominance of the Western modernization model that attempts to impose free-market and liberal democracy simultaneously on non-Western and developing societies. But the questions remain. To what extent does the China model represent a successful co-existence of a free market and an authoritarian state? Is China’s economic system truly free and China’s political system truly authoritarian? How successfully has the Chinese leadership balanced economic freedom and political control to maintain economic growth and political stability? What are the appeals and limitations of the China model? This paper seeks answers to these questions by exploring to what extent China offers a distinctive model of economic and political development and if the so-called China model can be sustained.

From the Beijing Consensus to the China model

The debate over the China model started largely from the publication of John Cooper Ramo’s 2004 article that used ‘the Beijing Consensus’ to describe China’s unique development approach as distinct from ‘the Washington Consensus’ that connotes a more conventional approach by John Williamson in a 1989 paper. Williamson listed a set of ten neo-liberal policy prescriptions for economic reform in Latin America that he thought more or less everyone in Washington would agree upon, including: fiscal discipline; reduction of public subsidies; tax reform; market-determined interest rates; competitive exchange rates; trade liberalization; free flow of foreign direct investment; privatization of state enterprises; deregulation; and legal protection for property rights.⁴ These policies stressed the primacy of the market and the limited role of the state and were later presented as one size fits all for Latin American and other developing states facing economic crisis.⁵ Although Williamson’s list focused only on economic policy, the Washington Consensus was expanded to include liberal democracy, together with free market, as the indispensable destination of modernization and became the basis of the ‘shock therapy’ applied to the former Soviet Union and East European countries after the collapse of communism in these countries.

Countries that adopted the Washington Consensus wholesale, however, did not perform particularly well. Beginning in 1998, political leaders in Latin America

2. Howard W. French, ‘A China model, what if Beijing is right?’, *International Herald Tribune*, (2 November 2007).

3. Timothy Garton Ash, ‘China, Russia and the new world disorder’, *The Los Angeles Times*, (11 September 2008), available at: <http://www.latimes.com/news/opinion/la-oe-ash11-2008sep11,0,5312908.story>.

4. John Williamson, ‘What Washington means by policy reform’, in John Williamson, ed., *Latin American Adjustment: How Much Has Happened* (Washington, DC: Institute for International Economics, 1990).

5. Ching Cheong, ‘Rise of the Beijing Consensus?’, *The Strait Times*, (23 October 2008).

have criticized both the philosophy and implementation of the Washington consensus. They argue not only that it failed to achieve its goals but also that it may actually have made the social and economic conditions of many of the region's citizens worse ... the World Bank and the IMF, two institutions in which the United States is the major decision-maker, are accused of adopting Washington consensus policies to benefit US economic and financial interests.⁶

According to one study, one of failures of the Washington Consensus came from its misinterpretation of the success of the East Asian newly industrialized countries as due to neo-liberal economic policy against the excessive state intervention in Latin America.⁷ Due to the failure of Washington Consensus policies, the term 'post-Washington Consensus' became popular among scholarly works. In a 2005 article entitled the 'Post Washington Consensus Consensus', Joseph Stiglitz argued that the Washington Consensus ignored market failures and viewed government as the problem. Instead the focus should be on which measures are necessary to improve both market and government. The Washington Consensus had proved neither necessary nor sufficient for successful development and any future consensus could not be made just in Washington. Any new framework must provide better and greater adaptation to the circumstances of the countries involved.⁸

It was in this context that Ramo proposed the provocative 'Beijing Consensus' as an alternative to the Washington Consensus. According to Ramo, the Beijing Consensus has three features: a commitment to innovation and constant experimentation in reforms; an emphasis on sustainability and equality instead of per capita GDP as the only measure of progress; and a commitment to self-determination. Ramo asserts that the Beijing Consensus represents opposition to the status quo represented by US hegemony because China has succeeded in its development through a willingness to innovate, taking account of quality of life as well as economic growth, and providing enough equality to avoid unrest; and by valuing independence and self-determination and refusing to let other Western powers impose their will, and, therefore, provides less developed countries an example to ensure their own financial integrity and keep great powers in check.⁹

Ramo's provocative argument aroused a debate about whether China really offered a new model. The supporters praised that it 'does explain how, for the first time since decolonization, the countries of the South are able to follow their own political direction, and find partners, states as well as businesses, not aligned with the US vision'.¹⁰ The critics questioned the validity of the Beijing Consensus. One scholar sees the Beijing Consensus as a myth because China has not strictly followed its tenets. First, the Chinese are not innovation leaders and there is nothing inherently innovative

6. Riodan Roett and Guadalupe Paz, 'Introduction', in Riodan Roett and Guadalupe Paz, eds, *China's Expansion into the Western Hemisphere, Implications for Latin America and the United States* (Washington, DC: Brookings Institution Press, 2008), p. 10.

7. Ziya Onis and Fikret Senses, 'Rethinking the emerging post-Washington Consensus: a critical appraisal', *ERC Working Paper* (Economic Research Center, Middle East Technical University, November 2003), pp. 4–5.

8. Joseph E. Stiglitz, 'Post Washington Consensus Consensus', PowerPoint presentation, Sao Paolo, 22 August 2005.

9. Joshua Cooper Ramo, *Beijing Consensus: Notes on the New Physics of Chinese Power* (London: Foreign Policy Center, 2004).

10. Alain Gresh, 'The world turned upside down, understanding the Beijing Consensus', *Le Monde diplomatique*, (November 2008).

in China's technological and policy initiatives. For the most part, Chinese enterprises make products and provide services that were designed or invented outside China and Chinese economic policy is more imitative than innovative. Second, the evidence that China is pursuing sustainable and equitable development is highly limited. While China has taken significant steps to create a regulatory infrastructure for environmental protection, whenever there is a tradeoff between the environment and growth, the latter wins. In the meantime, inequality in China is growing. Third, China's economic development strategy is not unique because China's policies and trajectory share similarities and differences with a wide range of countries, including those with more liberal capitalist governance regimes and those with developmental states.¹¹

Clearly there is no more of a Beijing Consensus than a Washington Consensus and the term is used by different people in different ways. While there are various elements to Ramo's sense of it, many people have used the concept to refer to various aspects of China's unique approach to economic and political reform, such as pragmatism, gradualism, the significant role of the Chinese state in economic development, markets before democracy, and a two track legal system where civil and political rights are limited in the name of stability and economic growth and more progress in other areas, particularly commercial law. In this case, more and more people have simply used the China model to describe China's approach toward development, in which a high level of economic growth is achieved without fundamentally changing the communist one-party rule, in contrast to the Western model of modernization that demands a free market system going hand in hand with liberal democracy. The China model, in this case, is often in a shorthand way described as a combination of economic freedom and political oppression.

This description, however, is not accurate. Economically, China has indeed established in significant part a free-market economy, called by Chinese leaders a socialist market economy, in which labor, capital and commodities flow increasingly freely. Private sectors have played an increasingly important role in the national economy and employment. Stock markets are established and farmers are given control over their own land. China has also engaged with global markets to attract foreign capital, technology and management skills, and participated in the global economic division of labor by taking advantage of its cheap labor and huge domestic market. The Chinese economy, however, is only selectively free. The state still keeps ultimate control over strategic sectors of the economy and a large range of core industries, including utilities, transportation, telecommunications, finance, and the media. The People's Bank of China remains a tool of government rather than an autonomous institution, as most Western central banks are. Many of China's global partners require transparent governance, independent courts, enforceable property rights, and free information. Almost none of them are present in China today.

A variant of the East Asian model

The 'illiberal' aspects of China's socialist market economy, however, have not prevented China from achieving a high rate of economic growth and lifting the living

11. Scott Kennedy, 'The myth of the Beijing Consensus', *Journal of Contemporary China* 19(65), (June 2010).

standards of the Chinese people. As a matter of fact, the selective state control over the economy has made China less vulnerable to outside shocks, evident in the fact that China weathered the 2008–2009 global economic crisis better than many Western countries. As one observer pointed out,

the big attraction of China to capital from overseas has been that the political setting is stable, that there will be no populist campaign to nationalize foreign assets, that the labor force is both flexible and disciplined, and that policy changes are rational and are signaled well ahead.¹²

Another observer confirmed that

businessmen, media moguls and architects all flock there. Could there be a better place to do business, build stadiums and skyscrapers, or sell information technology and media networks than a country without independent trade unions or any form of organized protest that could lower profits? Meanwhile, concern for human or civic rights is denigrated as outmoded, or an arrogant expression of Western imperialism.¹³

China's market economy, in many aspects, is similar to the East Asian newly industrialized economies (NIEs) of Singapore, Hong Kong, and South Korea in the 1970s and 1980s when neo-liberal economic policy and political authoritarianism coincided with historical opportunities for export-led development and led to rapid modernization. From this perspective, the China model is a twenty-first century variant of the East Asian model with the following three features.¹⁴

First, China's modernization is driven not by any ideological doctrine or principles but by pragmatism, vividly expressed by the famous Chinese saying, 'a cat, whether it is white or black, is a good one as long as it is able to catch mice', and the encomium to 'cross the river by feeling for stones'. Taking a pragmatic and experimental approach, the reform has been piecemeal and gradual, implemented in selected sectors and regions and began with the easier and less controversial issue areas. The Chinese leadership has worked through the existing economic and political institutions while gradually reforming them and reorienting them to serve the modernization goals.

Second, China's modernization is led by a strong and pro-development state, capable of shaping national consensus and ensuring overall political and macroeconomic stability in which to pursue wide-ranging reforms. Emphasizing economic growth as an overarching national goal and political stability as a pre-condition for modernization, the Chinese developmental state bureaucrats have the ability to implement and execute strategic planning 'forthrightly and without the distractions and abrupt course changes brought about by that inherently unstable system known as democracy, with its fixation on rival parties and alternation'.¹⁵ The developmental state is the explanation for the extraordinary marshaling of resources in China to create world-class infrastructure, majestic cities, airports, highways and dams rising during the reform years. It also

12. Callick, 'How long can economic freedom and political repression coexist?'

13. Ian Buruma, 'The year of the China model', *The Nation* (Bangkok), (9 January 2008).

14. The discussion of the features is based on Randy Peerenboom, *China Modernizes: Threat to the West or Model for the Rest?* (Oxford University Press, February 2007); and Wei-wei Zhang, 'The allure of the Chinese model', *International Herald Tribune*, (1 November 2006).

15. French, 'A China model, what if Beijing is right?'

explained how the rapid economic growth has occurred while the communist one-party rule remains.

Third, China's approach toward modernization has involved selective learning from the liberal Western models, including the American model. What makes the Chinese model unique is that the communist regime has safeguarded its own policy space as to when, where and how to adopt Western ideas. In particular, while the Chinese state has adopted most of the basic principles of the Washington Consensus, especially its emphasis on the role of the market, entrepreneurship, globalization and international trade, it rejected or modified the liberal aspects that would greatly reduce the role of the state. For example, while the state gradually opened the domestic economy to international competition, it has maintained protection to key sectors and infant industries.

Political reform and the China model

On the political aspect of the China model, it is also not accurate to simply characterize it as 'oppressive'. As a matter of fact, the pressure for political reform has been built up since China began revamping its economy in the late 1970s. As it has become more and more difficult for the communist regime to sustain a growing disconnection between a market-oriented economy and a dynamic society, on the one hand, and an anachronistic and authoritarian state on the other, Chinese intellectuals and government officials have been hotly debating how and if the single party rule can adequately facilitate China's transition or if a multi-party electoral democracy is required.

Democracy has always been on China's political reform agenda although the concept is interpreted 'with Chinese characteristics'. An important component of the Chinese political discourse since the concept was introduced from the West to China in the early twentieth century, the Chinese elite has interpreted democracy from a pragmatic perspective. The enlightened Chinese intellectuals argued that democracy could be a means of communication between government and people to achieve harmony in society as it brings the solidarity of the group and offers the means of national survival in a world of fierce competition. Popular participation is a sign of civilization, an attribute of modernity, and a road to wealth and power and would unleash energies and contribute to the collective welfare. This assumption makes Chinese understanding of democracy very different from that in the West, which assumes that individuals have particular interest contrary to the general interest of the state. Individuals pursue selfish ends and an invisible hand turns these efforts into a general increase in welfare. Chinese elites, however, simply don't want to see private interests antagonistic to public interests as a serious problem for politics and look for a harmony of interest.¹⁶

The current Chinese official discussion of political reform has emphasized the instrumental aspect of democracy to maintain social order and achieve social harmony. As a result, while many Western observers and Chinese liberal intellectuals have pushed China's political reform toward a multi-party democracy, Chinese government officials and some Chinese scholars have proposed political reform

16. Andrew Nathan, *Chinese Democracy* (New York: Alfred A. Knopf, 1985).

to uphold and improve communist party leadership by increasing political participation and public supervision, making the single party system more efficient and providing it with a legal base. Pan Wei, a Berkeley trained Chinese scholar at Peking University, proposed a consultative rule-of-law regime, which is a 'mixed' regime derived from the Chinese tradition of civil service via examination and the Western tradition of legalism and liberalism via the separation of power to form checks and balances.¹⁷ Advocating the consultative rule of law regime as a feasible path for China to fundamentally improve the rule of the CCP within the single party system, Pan believes this direction of political reform is a logical development in light of China's particular social setting and the political culture.

Ruling out Western-style democracy as not a fit to China's particular circumstances, political reform in China has thus been undertaken mostly in the following four aspects, which have defined the political part of the China model: institutionalization of the leadership system; the effort to make the government more responsive to an increasingly plural society; the improvement to citizen's constitutional rights; and transformation of the CCP from a revolutionary party to a ruling party.

1. Institutionalization of decision-making system and intra-party democracy

Institutionalization of China's leadership system started in the 1980s when Deng Xiaoping realized that 'the lack of effective institutions and checks on arbitrary authority had helped bring about disasters in the Mao years'.¹⁸ Significant reform measures include regular Party and state body meetings according to constitutional schedules; and a constitutionally mandated two-term limit for the premier and president and mandatory retirement age for all party and government posts. These reforms enhanced formal institutional authority, which derives from and is constrained by impersonal organizational rules and rests on a formal position in an institutional setting, and weakened informal personal authority of top leaders, which revolves around individual personage and supersedes impersonal organization in eliciting the personal loyalty of followers.

For many years in PRC history, personal authority was more important than institutional authority in top-level politics. Institutional authority advanced to take a more important position during the transition of the Chinese leadership from revolutionary to post-revolutionary generations after the rise of the Jiang Zemin leadership in the 1990s. Completing the transition toward the post-revolutionary generation, the Hu leadership has moved further along the direction of institutionalization of the leadership system with an emphasis on expanding intra-party democracy, which refers to the efforts to promote internal transparency and consultation in policy making, strengthen internal supervision and introduce more competition inside the ruling hierarchy. The idea of intra-party democracy was

17. Pan's paper was initially published in a 1999 issue of *Zhanlie yu Guanli* [Strategy and Management]. A revised English version was published in the *Journal of Contemporary China* 12(34), (February 2003) and collected into an edited book, Suisheng Zhao, ed., *Debating Political Reform in China, the Rule of Law versus Democratization* (Armonk, NY: M. E. Sharpe, 2006).

18. Frederick C. Teiwes, 'Normal politics with Chinese characteristics', *The China Journal* no. 45, (January 2001), p. 74.

officially promoted in the political report of the 16th National Congress in 2002. The party's Central Committee endorsed the reform at the 2005 plenum with the statement that 'the development of intra-party democracy plays an important exemplary and guiding role in pushing forward people's democracy'.¹⁹

Expanding intra-party democracy requires preserving the normative rules and procedures of collective leadership in the decision-making process. Hu hopes that making rules clear and exposing officials to scrutiny would help stem widespread corruption, abuse of power and other wrongdoings that threatened the party's rule. In a move to institutionalize the decision-making system in the State Council, upon coming to office, Premier Wen Jiabao stopped making decisions at premier work meetings (*zhongli bangong huiyi*), which did not have any legal status but were held regularly by his predecessors, Premier Li Peng and Premier Zhu Rongji, because it gave them a lot of discretionary power in the decision-making process. Instead, Wen has made decisions at the State Council Executive meetings (*guowuyuan changwu huiyi*) and State Council Plenary meetings (*guowuyuan qianti huiyi*) stipulated by the constitution and State Council Organic Law. According to one report, the change

reflects the institutionalization of the State Council decision-making system, avoided the rule of man in decision-making process. This is a major method toward ruling the country according to the constitution and laws. The reform was a step toward legalization, institutionalization, and regularization in the operation of the State Council.²⁰

Another significant move was the decision in July 2003 to abolish the annual series of informal central work conferences at the summer resort of Beidaihe. Although their existence and jurisdiction were never stipulated in the CCP or PRC constitutions, the central work conference for many years 'served as a forum for consensus building in which important members of the political elites make bargains with each other'.²¹ Major policy and personnel decisions were made at the month-long Beidaihe conferences. Vacationing and participating in these informal meetings, retired elders exercised undue influence. The decision to abolish the informal conference and to rely upon formal meetings of the Politburo and its Standing Committee is a major advance toward institutionalization of decision making at the top. A Hong Kong reporter described the decision as an 'effort to regularize [government] procedures and institutions' and a 'testimony to Hu's determination to curtail rule of personality and to run the party and country according to law and institutions'.²²

Another reform is to subject the supreme Politburo to the scrutiny and supervision of the Central Committee. Starting from the Third Plenum of the 16th Central Committee in October 2004, the Politburo submitted an annual report to the full Central Committee, which nominally elected the Politburo. This reform was written into the resolution on constitutional amendments passed at the 17th Party Congress

19. Cary Huang, 'Political reform remains core focus for party, stronger "intra-party democracy" will be high on next week's agenda', *South China Morning Post*, (10 October 2007).

20. 'Wen Jiabao quxiao zhongli bangong huiyi ruhua gaochen renzhi shecai' ['Wen Jiabao abolishes the premier work meeting to weaken the rule of man at the top'], *Chinesenewsnet.com*, (10 February 2004).

21. Suisheng Zhao, 'The feeble political capacity of a strong one party regime: an institutional approach toward the formulation and implementation of economic policy in post-Mao China', *Issues & Studies* 26(1), (January 1990), p. 76.

22. Willy Wo-lap Lam, 'China: breaking with the past?', *CNN.com*, (23 July 2003).

in October 2007, which requires that party leaders at all levels be subject to oversight by sitting committees. This means that the Political Bureau is expected to report regularly to the Central Committee at plenary sessions and accept its supervision, while local standing committees are to do the same to local party committees.²³

In addition, the Party has attempted to institutionalize a voting system on important personnel decisions. The Chinese official media reported that about 8% of nominees were eliminated in the primary elections of members and alternate members of the 17th CCP Central Committee in 2007. The margins are bigger than those at the 16th National Congress in 2002, indicating a sign of progress. At the 16th Congress, ten, or 5.1%, of the nominees lost in the primary vote for candidates of Central Committee members. Another seven people, or 5.8%, lost in the vote for candidates of members of the Central Discipline Commission. The proportion of the dropouts in the primary election of alternate members of the Central Committee was 5.7% in 2002, which translates into nine people.²⁴

As a result of these incremental steps towards institutionalization of the leadership system, the top CCP leaders have possessed less and less personal authority. Hu Jintao, no matter how capable he is, would be less likely to become a strongman after his retirement. The lack of a strongman in the leadership would at least make members of the CCP leadership more willing to follow normative rules and procedures in decision-making.

2. Cadre accountability

Another aspect of political reform is to make government officials/cadres more responsive to the demands of society and more accountable for their bad performance. A number of institutions have been established for this purpose, including legislative oversight committees, supervision committees, Party discipline committees, internal administration reconsideration procedures, a system of letters and visits, administrative law, and judicial review. The most important one is the cadre accountability system (*ganbu wenze zhi*), through which officials found unable to prevent mishaps ranging from epidemic to labor unrest would face tough penalties or dismissal.

Although the beginning of the accountability system may be traced to a decision made by the State Council to investigate administrative responsibility of officials for major safety accidents in 2001, the system was triggered primarily by the SARS (severe acute respiratory syndrome) crisis in 2003. After a whistleblower exposed lies about the outbreak, Chinese people began demanding basic rights to information and the World Health Organization and foreign media clamored for accountability. Unlike in the past, the drama was chronicled in real time on the Internet. Realizing the danger that SARS could pose to the country and the state, Hu made an unusual move to acknowledge that the government had lied about the disease and fired nearly 1,000 government officials, including Beijing's mayor and the country's health minister, for covering up the actual number of SARS patients.²⁵

23. Goh Sui Noi, 'Beijing takes small steps to greater transparency, moves by ruling party include more participation for congress delegates', *Straits Times*, (28 October 2007).

24. Chen Xia, 'Understanding Hu's hot new terms', *China.org.cn*, (16 October 2007).

25. Zhao Huanxin, 'Tightened reins make gov't accountable', *China Daily*, (14 March 2004).

In response to the media exposure and domestic and international pressure, a cadre responsibility system was set up whereby leading officials were demanded to take greater accountability and required to report truthfully on the epidemic situation. In April 2004, the CCP Central Committee issued a 'Provisional Regulation on the Party and Government Resignation', which prescribes that officials who, through make serious mistake or neglect in their work cause major damage or produce serious consequences and who have a leadership responsibility for deadly catastrophes should take responsibilities and resign from their posts. This regulation for the first time provided a legal base for the accountability system and brought resignation due to responsibility (*yingju cizhi*) as part of the accountability system. The PRC Civil Service Law that became effective in January 2006 made further stipulation about the responsibility and resignation of government officials. In addition, the cadre responsibility and resignation system was written into many other laws and regulations, such as the 'CCP Inner Party Supervision Regulation', 'PRC National People's Congress Standing Committee Supervision Law', 'PRC Administrative Supervision Law', the 'CCP Disciplinary Punishment Regulation', 'Civil Servant Administrative Punishment Regulation' and the 'PRC Criminal Law'.

As a result, the behavior of China's usually docile media began to change. Since the adoption of the accountability system, major accidents such as bird flu and mine explosions have been routinely exposed in the media and the responsible officials have been routinely removed or even punished. A 'punishment storm' was unleashed after the Sanlu milk formula contamination scandal, which left several infants dead and thousands hospitalized, was revealed in August 2008. Many officials responsible for the scandal were removed from office and some of them were criminally charged. Li Changjiang, the minister in charge of the General Administration of Quality Supervision, Inspection and Quarantine—China's top product quality watchdog—stepped down over the scandal. The party chief and several senior officials from Shijiazhuang city, where the Sanlu Group is based, were sacked in the purge.²⁶ When a fatal mudslide was triggered by the collapse of an illegal iron-ore waste reservoir in northern Shanxi province on 8 September, the governor of Shanxi province, Meng Xuenong, resigned and the vice governor and other provincial and city officials were dismissed.²⁷ This was Meng's second resignation from a ministerial level position after his first removal from the position of mayor of Beijing during the SARS outbreak.

Although the reform has made the Hu–Wen administration more responsive to popular demands than its predecessors, these changes do not indicate a conviction of acceptance of liberal democratic principles or entail the building of institutions and systems of governance that would guarantee effective supervision of the rulers. Making the cadres more responsive to societal demands, the way in which the cadre accountability system has worked is actually to make the cadres responsive mostly to their hierarchical superiors. This is not what is perceived as accountability in a genuine sense of democracy.

26. 'China's chief quality supervisor resigns amid public grumbles over tainted milk', *Xinhua*, (22 September 2008).

27. 'Shanxi governor resigns, acting governor appointed', *Xinhua*, (14 September 2008), available at: <http://english.sina.com/china/2008/0914/186199.html>.

3. Constitutional reform

Building a legal system, or *'fazhi'*, a Chinese word which means both 'rule of law' and 'rule by law', is the third most important aspect of political reform. In addition to making many laws and training legal professionals, constitutional reform has become a hotly contested issue in China's political reform agendas.

The PRC has adopted four constitutions. The first constitution in 1954 detailed the state structure of the new People's Republic but its normal function became obsolete when the Cultural Revolution resulted in the disruption of an established institutional arrangement. The second constitution, known as 'the Cultural Revolution Constitution' (*wenge xianfa*), was produced in 1975. After the inception of economic reform, the third constitution, known as the 'Four Modernization Constitution' (*sige xiandaihua xianfa*), was adopted in 1978, marking initial attempts to restore the pre-Cultural Revolution political system and the re-orientation of party policy toward economic development. The formal structures governing the Chinese political system barely gained legitimacy with the 1978 constitution, and the fourth constitution, known as the 'Reform and Opening-up Constitution' (*Gaige kaifang xianfa*), was passed in 1982. Among many changes in the 1982 constitution, the most important ones are a downgrade to the importance of class struggle in Chinese society; a stipulation that 'no organization or individual is privileged to be beyond the Constitution or law'; and an emphasis on the equality of all citizens before the law.

Functioning to regularize frameworks for political life in China, the 1982 constitution was amended four times in 1988, 1993, 1999 and 2004 in response to the policy adjustments at the 13th, 14th, 15th and 16th CCP National Congresses. The fact that it was amended, rather than replaced by new constitutions, suggests an important development in Chinese politics and a move toward international norms on legal issues. In addition, these amendments have made the constitution more like a legal document to provide protection to citizen's rights. For example, the 1988 amendment introduced provisions on private economy while the 1993 one replaced the concept of a 'socialist market economy' with the concept of a 'planned economy on the basis of socialist public ownership'. In the 1999 amendment, the role of the private sector was elevated from 'a complement to the socialist public economy' to 'an important component of the socialist market economy'. The phrase 'counter-revolutionary activities' was changed to 'crime jeopardizing state security'. Significantly, 'the constitutional amendments explicitly avow, for the first time in the constitutional history of the People's Republic, to "govern the state according to law" (*Yifa Zhiguo*) and "establish the socialist state of rule of law"'.²⁸ The 2004 amendment added that 'Citizens' legal private property is not to be violated . . . the state protects citizens' private property rights and inheritance rights according to law'. This change puts private assets of Chinese citizens on an equal footing with public property, both of which are 'not to be violated'.²⁹

While the top-down approach toward constitutional reform has set limitations to the scope of the amendments, Liu Xiaobo, a Chinese political dissident known for

28. Qianfan Zhang, 'The people's court in transition: the prospects of the Chinese judicial reform', *Journal of Contemporary China* 12(24), pp. 69–70.

29. 'Constitution to clarify private rights', *Xinhua Newsagency*, (5 January 2004), available at: www.china.org.cn.

his role in the 1989 Tiananmen pro-democracy demonstrations, acknowledges that ‘a constitution for the party authority (*dangquan xianfa*) has been transformed into a constitution to limit the party authority (*xianquan xianfa*)’. Evidence of the transformation, according to him, is that the emphasis of legal education has shifted from educating citizens to obey the law to educating officials to follow the law.³⁰ Indeed, protection of constitutional rights has become a hot topic in China, as ordinary Chinese have developed an understanding of the legal rights they are supposed to enjoy and try to make them real. This development has produced a movement of rights consciousness and activism (*weiquan yundong*), which has brought about many new concepts among Chinese people, such as ‘*yimin weiban*’ (people are the original source of political authority), ‘*yixian ziguo*’ (to rule the country according to the constitution), ‘*zhiquing qiuan*’ (the rights for information), ‘*zhunzhong minyi*’ (Respect people’s will), and ‘*lianjia zhengfu*’ (low cost government).³¹

4. Reform of the Communist Party rule

The reform of the CCP is the fourth significant aspect of political reform. Founded as a revolutionary party, the CCP was a vanguard of the working class and followed the communist ideological lines to capture state power and transform society during the Mao years. After Deng Xiaoping launched the market-oriented economic reform, the party found it imperative to adapt to all sorts of thorny problems of governing an increasingly complicated society. As a result, the CCP has had to face the challenge of transformation from a revolutionary mass party into a conservative ruling party.

This transformation has entailed two aspects. The first was to abandon the mass mobilization and social transformation goals in favor of political stability and economic development. The second was to change the vanguard nature into a more inclusive social democratic party. Jiang’s ‘three representatives’ (*sange daibiao*) campaign in the early 2000s was one of the major efforts made in this direction. The key theme of the campaign was that the CCP should no longer just represent workers but should be representative of the development of advanced productive forces, the orientation of advanced culture, and the fundamental interests of the broadest masses. In effect, the party’s responsibility became to lead China towards the wealth and power that give it the right to rule. As a Western reporter interpreted, ‘That is, the party can be all things to all people, promoting the interests not just of workers and farmers but of wealthy entrepreneurs as well’.³² The primary goal of this effort was to re-brand the Communist Party and make it more *inclusive* and less *intrusive*.

Since Hu took over the leadership position, he has focused his efforts on ‘strengthening the party’s ability to govern’. In practice, that means a sustained campaign to curb the abuse of power, strengthen the party’s internal discipline and auditing agencies, and issue new rules governing the behavior of party members. A Party resolution warned that continued Communist rule could not be taken for granted unless the party’s 68 million members improved their ability to govern and

30. Liu Xiabo, ‘Zhonggong Xianfa guan de chubu bianhua’ [‘The preliminary changes in the CCP’s constitutional outlook’], *Chinesenewsnets.com*, (14 January 2004).

31. *Nanfeng Chuang* [South Wind Window], (15 December 2003), pp. 47–52.

32. Elisabeth Rosenthal, ‘China’s communists try to decide what they stand for’, *New York Times*, (1 May 2002).

gained more support among the public.³³ Hu put forward two new concepts—scientific development and harmonious society—to guide the campaign of strengthening the party’s governing ability. These new concepts are aimed at restructuring China’s development model by balancing the different aspects of the economy and social life, including the balance between economic growth and allocating resources to improve people’s livelihood; between urban and rural growth; between coastal and the hinterland economic growth; and between development and the environment. The emphasis is on reducing regional economic disparity, narrowing the income gap, promoting the efficiency of energy usage, curbing environmental degradation, and building social welfare programs, a more stable social order, and a stronger sense of social morality. These are pragmatic policy objectives that may help the CCP to stay in power as a typical ruling party.

The transformation from a revolutionary party to a ruling party has led to the decline of doctrinal approaches to policy debate and helped mitigate political struggles in the top echelon. If ideological correctness is no longer the objective in power struggles, differences at the policy level are more likely to be tolerated. As one observer indicates, in this case, ‘the life-or-death factional politics that had not been uncommon during the Mao era is unlikely to re-emerge. This in turn gives collective leadership a better chance’.³⁴

The appeals and limitations of the China model

These political reform measures have aimed at finding a ‘China’s Road’ or a ‘Third Road’ of political transformation. The ‘First Road’ is to adopt Western-style competitive elections and party politics and transform the CCP into a social democratic party to compete in parliamentary and electoral politics, much like what has happened in South Korea, Taiwan and some other East Asian countries. The ‘Second Road’ is to embrace democratic ideals through the so-called ‘shock therapy’ of rapid change, including overthrowing communist party rule. In the eyes of the CCP elite, China is not ready for the first road and the result of the second road would be unacceptable turmoil and instability. They argue, sincerely in many cases, that China’s different political history and culture require a third way to retain the single party rule and gradually expand political participation from society if China is to evolve in a unified and peaceful manner.³⁵

The ‘Third Road’ of transformation is the essence of the China model. Because it is a non-ideological, pragmatic, and experimental approach to spur both social stability and economic growth while not compromising the party’s authority to rule, the China model has not only gained ground among leaders of some developing countries. The appeal of the China model has come largely due to the following three developments in the past decade.

33. Edward Cody, ‘Chinese officials seek to pump up the party’, *Washington Post*, (3 December 2004), p. A16.

34. Li Mingjiang, ‘The 17th CPC Congress: the transition that the world missed’, *RSIS Commentaries*, (31 October 2007).

35. Willy Wo-lap Lam, ‘Appealing to modern comrades’, *South China Morning Post* (electronic version), (1 November 2000).

First, China has been successful in boasting the world's fastest-growing economy under the one-party rule. The China model is thus presented as a fast track for economic growth without visible social and political disorder that often comes as a by-product of democratization. As one observer indicates,

Today's China demonstrates that a regime can suppress organized opposition and need not establish its legitimacy through elections. It shows that a ruling party can maintain considerable control over information and the Internet without slowing economic growth. And it indicates that a nation's elite can be bought off with comfortable apartments, the chance to make money, and advances in personal, non-political freedoms (clothes, entertainment, sex, travel abroad).³⁶

Comparing the appeal of Islam and the China model, another observer points out that

radical Islamism may appeal to millions of Muslims, but it cannot reach beyond the faithful, except by conversion. More important, it cannot plausibly claim to be associated with economic, technological or cultural modernity. By contrast, the opening ceremony of the Beijing Olympics, like the skyscrapers of Shanghai, shows us authoritarian capitalism already staking that claim. In the Bird's Nest stadium, the latest audiovisual high-tech was placed at the service of a hyper-disciplined collectivist fantasy, made possible by financial resources that no democracy would have dared devote to such a purpose.³⁷

It is from this perspective that Joseph Nye holds that the success of China's political economy has made it attractive to many developing countries. In parts of Asia, Africa and Latin America, the so-called 'Beijing Consensus' on authoritarian government plus a market economy has become more popular than the previously dominant 'Washington Consensus' of market economics with democratic government.³⁸ Only three decades ago, China was as poor as some of the poorest third world countries. While most of the latter remains among the poorest in the world, China's economy has expanded rapidly. Given the many problems confronting developing countries, China seems to offer a new model on how to fight poverty and ensure good governance, albeit one that challenges the conventional wisdom offered by Western countries and the international financial institutions they control.

The second development is the declining attractiveness of the Western model of modernization due to the US economic, political and foreign policy failures in the recent decade. Economically, the US is now deeply in debt to China and its very solvency is put in question. In particular, the financial meltdown sweeping across the globe in 2008–2009 to a great extent raised serious questions about some important aspects of the neo-classic economic approach toward development and confirmed some aspects of the China model. As one observer said, 'While there have been vigorous debates in academic circles about their respective efficacy, the ongoing financial turmoil seems to favor the Beijing approach'.³⁹ Politically and diplomatically, the American model treats less developed non-Western countries as developed societies in which Western institutions could automatically take root. It imposed liberalization before safety nets are set up; privatization before regulatory

36. James Mann, 'China's dangerous model of power', *Washington Post*, (20 May 2007).

37. Garton Ash, 'China, Russia and the new world disorder'.

38. Joseph S. Nye, 'The rise of China's soft power', *The Wall Street Journal Asia*, (29 December 2005).

39. Ching Cheong, 'Rise of the Beijing Consensus?'

frameworks are put in place; and democratization before a culture of political tolerance and rule of law is established. The result has often been discouraging or even devastating. In a 2008 book on the struggle to build democracies in the world, Larry Diamond blamed the US policy of trying to accomplish democratization by international coercion as partial responsible for what he called ‘democratic recession’ in many parts of the world.⁴⁰ Another study also attributed the failed US policy for the trend ‘underlying the erosion of democracy and Western influence in the post-communist region’.⁴¹

Indeed, the failure of US foreign policy, symbolized by the war in Iraq, damaged the Western model of modernization. As James Mann points out, ‘US foreign policy . . . has tied the spread of democracy to the use of force. This has not only failed but also undermined support for democracy’.⁴² As a result, many developing nations have been increasingly fed up with the doctrinaire Western model of democratic promotion and increasingly impressed by a Chinese model that emphasized pragmatism, economic growth and political stability.

The third development is China’s ‘value-free’ diplomacy toward many developing countries. Unlike Western diplomacy that sets moral principles such as good governance, democracy, transparency, rule of law, and respect for human rights as one of several foreign policy objectives, China’s diplomacy is guided mostly by economic and strategic interests. Consequently, China has developed friendly relations with many developing countries without any preconditions. For example, in its global search for energy resources, China has pursued deals with countries that are off-limits to Western companies because of sanctions and the threat of bad publicity. Beijing has justified this policy on the grounds of non-interference in domestic affairs. With such ‘value-free’ diplomacy, China awarded Zimbabwe’s dictator Robert Mugabe an honorary professorship at the China Foreign Affairs University in Beijing in 2005 and signed economic-cooperation agreements with Uzbekistan a few days after the country’s Interior Ministry fired into the crowd of peaceful demonstrators in May 2005.⁴³ Given China’s rising power status, political leaders in these countries may readily use Beijing as a hedge against American power. As a result, many political leaders in third world countries have welcomed the Chinese development model together with its value-free diplomacy as an alternative to the European and US versions of both. China has reinforced this attraction by economic aid and access to its growing market. Offering no-strings-attached financial aid and economic assistance to Africa and to Southeast, South, and Central Asia has become a central part of China’s foreign and trade policies.

It is due to the above three developments that the China model has become an alternative model of development by default. History has been ruthless. Less than two decades after Francis Fukuyama announced the ‘end of history’, more and more observers now see a ‘post American world’ in which many political leaders

40. Larry Diamond, *The Spirit of Democracy: Struggle to Build Free Societies Throughout the World* (New York, NY: Times Books, 2008), pp. 56–87 and 123.

41. Adrian A. Basora and Jean F. Boone, ‘The Georgia crisis and continuing democratic erosion in Europe/Eurasia’, *Foreign Policy Research Institute, E-Notes*, (3 October 2008).

42. Mann, ‘China’s dangerous model of power’.

43. Alex Berkofsky, ‘The hard facts on soft power’, *PacNet* 26, (31 May 2007).

in developing countries favor China's approach of state-led economic reforms with limited political reforms and also take heed of China's pragmatic approach to reforms.

A Chinese analyst cites the Chinese–African summit that gathered about 50 African heads of states in Beijing in the fall of 2006 as an example to suggest that ‘many of the African leaders coming here for the Chinese–African summit meeting are attracted not only by opportunities for aid and trade, but also by the Chinese model of development’. According to him, what they usually need is not a liberal democratic government, but a good government capable of fighting poverty and delivering basic services and basic security because the paramount task for most developing countries is how to eradicate poverty, a root cause of conflicts and various forms of extremism. So long as the American model remains unable to deliver the desired outcome, the Chinese model will become more appealing to the world's poor.⁴⁴

The China model, however, has some clear fault lines. First, it lacks moral appeal because it is guided entirely by pragmatism, which, by definition, is behavior disciplined by neither a set of values nor established principles. The attraction of many developing countries to the China model has come almost entirely due to the tangible economic and political benefits rather than intangible moral appeals. That is why after the idea of a Beijing Consensus gained ground, Ramo returned to the fray with some dissonant data. In a pamphlet called *Brand China*, he takes a much less optimistic view of China's image. Using a global opinion research survey conducted by Young & Rubicam, Ramo finds a China's image emergency and concludes that China's brand is weak and the country is not trusted overseas.⁴⁵ Citing Ramo's changing view, one observer indicates that the Chinese may get on famously with the governments of Sudan and Zimbabwe, but such relationships are only likely to confirm the damaging impression that China is a country that will always put profits above human rights and other moral principles. Seen in this light, ‘China's growing influence in Africa and even Southeast Asia has little to do with a new Beijing Consensus; it is simply old-fashioned power politics’.⁴⁶ Joseph Nye also argues that while the ‘Beijing Consensus is attractive in authoritarian and semi-authoritarian developing countries, it undercuts China's soft power in the West because China suffers from corruption, inequality, and a lack of democracy, human rights and the rule of law’.⁴⁷

Second, the Beijing Consensus has not been effective in dealing with many important dimensions of human development at home and abroad. Chinese economic growth, while undeniably impressive, is widely associated in the West with political oppression and environmental pollution. A *New York Times* editorial comments that although the ‘Chinese miracle’ has been the biggest economic story for several years now, a tale of a nation rising from the ashes of a Stalinist command economy to become the world's premier trading partner, China reminds us with distressing regularity that the progress has been selective. It cited the reports of slave labor in Chinese factories and the discovery that some of the popular Thomas the Tank Engine toys manufactured in China have lead in their paint. It also pointed to the

44. Wei-wei Zhang, ‘The allure of the Chinese model’.

45. Joshua Cooper Ramo, *Brand China* (London, UK: The Foreign Policy Center, 2007), pp. 12–19.

46. Gideon Rachman, ‘The hard evidence that China's soft power policy is working’, FT.com, (19 February 2007).

47. Nye, ‘The rise of China's soft power’.

earlier reports about the contaminated dog food, the stubborn support of Sudan for its oil, the regular reports of human rights abuses, the huge economic disparities between city and country, and the controls on the media. According to this editorial, China's unreformed political system fosters corruption and an undue focus on short-term economic gains, which will lead to more internal inequities and injustices and more tainted exports.⁴⁸ As a matter of fact, China's economic performance improvement came mostly when China became less brutal and allowed greater personal and economic freedoms.

Third, the success of the Chinese model is very short. It is hard to claim the universality of their model because no economy keeps growing at the same pace forever. China's economic growth, just like other emerging economies in history, could come to a pause or even a setback or crisis. In addition, the gap between rich and poor in China has been growing in the past decade and this trend has become a serious threat to the political stability that has helped maintain economic growth and the legitimacy of the CCP. In this case, although the China model has sustained the economic growth and the regime legitimacy so far, how long that will persist is still anybody's guess. From a historical perspective, the current China model is only a transitional model of development. It may have to go from a value-free to a value-added transition involving the sequencing of economic growth, legal reforms, democratization, and constitutionalism, with different aspects of the development being emphasized at different times in the process in order to continue its political stability and economic growth, as demonstrated by the evolution of several East Asian NIEs. After achieving high levels of economic growth, these NIEs not only implemented rule of law but also eventually democratized and protected the full range of human rights through some form of constitutionalism. One scholarly study argues that this is the direction of the logic transition of the China model.⁴⁹

Conclusion

China indeed presents a successful model of rapid economic growth and relative political stability. Economic growth has produced more wealth in society, steadily improved the living standards of the Chinese people, and therefore retained the performance legitimacy of the CCP regime. A Pew Global Attitudes Survey published on 23 July 2008 ranked the Chinese people among the most satisfied with their governments among 24 nations. More than 80% of respondents told the Pew Research Center that they were satisfied with China's economy and overall direction, and 65% thought the government was doing a good job.⁵⁰ In this case, a large portion of the Chinese people, including the emerging middle class, is pretty well co-opted into the economic and political system, as demonstrated by the studies of Kellee Tsai and Bruce Dickson.⁵¹

48. Editorial, 'The China puzzle', *New York Times*, (22 June 2007).

49. Peerenboom, *China Modernizes*.

50. John Garnaut, 'East does not meet West on China's self-image', *Sydney Morning Herald*, (24 July 2008).

51. Kellee S. Tsai, *Capitalism without Democracy: The Private Sector in Contemporary China* (Ithaca, NY: Cornell University Press, 2007); Bruce J. Dickson, *Red Capitalism in China. The Party, Private Entrepreneurs, and Prospects for Political Change* (Cambridge, UK: Cambridge University Press, 2003).

However, this does not necessarily mean that the China model will be durable and even displace the Western model of modernization in the long run as the appeals of the China model come with the peculiar historical developments of the recent decade. In addition, the US may learn from its mistakes and strike at the cores of its economic, political and diplomatic policies. As a matter of fact, the transition from the Bush Administration to the Obama Administration in 2009 has already brought about many significant changes in US economic, political and diplomatic fronts. From this perspective, it is too early to assert that the China model will replace the Western model of modernization.

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