

Is There a China Model?
A Summary and Video
Documentation of a China-
West Intellectual Summit

Glasshouse Forum

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Preamble

Most attempts to define our age have been based on the ending of a period, rather than the beginning of a new one. We have for example been called post-modernist for a couple of decades. Another influential interpretation has it that history itself has come to an end. In his essay from 1989, “The End of History?”, the American political scientist Francis Fukuyama asserted that there are no longer any rivals to democratic capitalistic society. The fall of communism had made it evident that whoever went down that road would lose out in economic, technological, and ultimately, military development. The world was converging into a single political and economic society. This “Fukuyamaism” has characterised the view on Russia and China. In its most happy-go-lucky form it has persuaded us that all we need to do is to integrate these nations in the global economy and democratisation will automatically follow. *Wandel durch Handel*, as the Germans may say (change through trade). If people have grown accustomed to choosing between different types of coffee at Starbucks, then sooner or later they will also demand a choice between different political parties – that has been many people’s simple notion of the connection between the market and democracy.

The theory announcing the end of history is now twenty years old and has not aged particularly gracefully. In that time, Russia, backed by high oil prices, has become increasingly authoritarian and stronger and has turned to Great Power politics. The Chinese economy has leapt forward at the same time as the Communist party has kept its grip on society. Either we have underestimated the time it takes to establish a robust democracy, or there is something basically wrong with the suppositions of Fukuyamaism about the relation between the economy and democracy.

Have we perhaps drawn hasty conclusions about the 20th century? Communism gave rise to societies that were so inefficient that they collapsed, but it is more difficult to assert inefficiency with regard to totalitarian and authoritarian regimes built on a capitalist base. Nazi Germany did not lose the war through inefficiency, but because the nation was too small to be able to achieve world hegemony. Neither does its defeat prove the superiority of democracy

over totalitarian or authoritarian regimes. Finally, it was above all the Soviet Union, another totalitarian regime, which defeated the Third Reich.

Glasshouse Forum considers it important to analyse the relation between capitalism and politics. Perhaps a direct connection between capitalism and democracy is not there at all. In times of crisis like this, it is necessary also to consider whether capitalism may set the stage for undemocratic political movements. The inter-war Great Depression and totalitarian movements are cautionary examples.

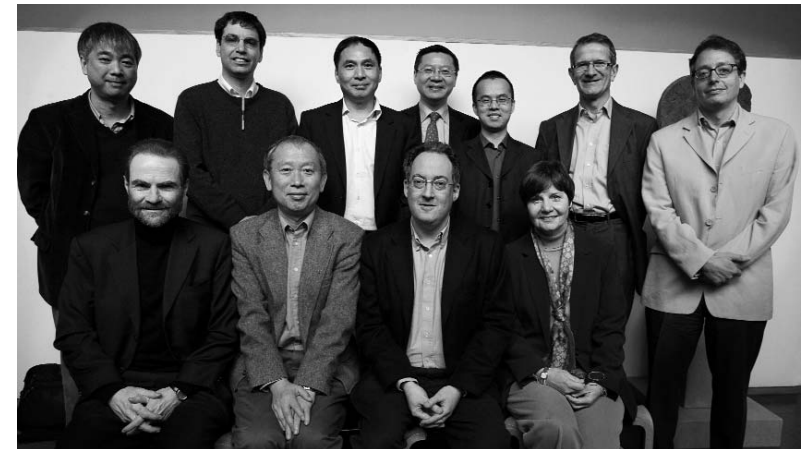
The Glasshouse Forum project “The return of the capitalist-authoritarian great powers” aims to investigate this issue. As its starting point it takes an essay by the Israeli historian Azar Gat, in which he states that we are witnessing a return of the authoritarian regimes built on capitalist foundations.¹ To some extent Russia, and even more so China, appear to be demonstrating that one can achieve strong economic growth without democracy.

Has China found its own road to modernity, which can in the future continue to combine an authoritarian political regime with a capitalist economy? Is there a Chinese Model, and whom can it inspire? The first round table discussion in his project took place in Maison Louis Carré near Paris in April 2008. An edited transcript of the talks is available in the publication *An Edited Transcript from a Round-Table Conference on Authoritarian Capitalism* (Glasshouse Forum, 2008). The general conclusion reached was that there are major differences between Russia and China. Russia certainly presents a complex challenge, above all to Europe, which is dependent on its energy production, but the nation’s resurrection was largely illusory and in the long run Russia has entered a downward trend. China is a different matter: a gigantic nation whose economic development is based on industrialisation with an increasing degree of refinement. China also provides inspiration to a number of countries, particularly in Africa.

So is there reason to speak of a Chinese Model, as people are doing more and more frequently both in and outside China? There was disagreement on that point among the participants at the meeting. Some considered that it was far too early to declare China a model, others said that regardless of what people call it, delegations

were arriving from all over the world to study its approach. They come of their own accord, not because of any emissaries from the Chinese regime.

Glasshouse Forum wanted to delve deeper into the issue of whether there is reason to speak of a Chinese model and how if so it should be classified. The idea was to organise an intellectual summit between Chinese intellectuals and representatives for the West. The aim was to obtain a clearer picture of developments in China and the different way in which they are interpreted, and from that to go on to a constructive dialogue. The continuity from the previous round table talks was provided by Azar Gat, Gideon Rachman and Feng Zhang. Other participants from the West were Vivienne Shue, Timothy Garton Ash and Simon Long. The representatives from China were Zhiyuan Cui and Shaoguang Wang, both renowned representatives for the Chinese “New Left”, Wei-Wei Zhang, Daniel A. Bell, and Yongnian Zheng from Singapore.²



Standing from the left: Zhiyuan Cui, Azar Gat, Yongnian Zheng, Wei-Wei Zhang, Feng Zhang, Simon Long, Daniel A. Bell. Sitting from the left: Timothy Garton Ash, Shaoguang Wang, Gideon Rachman, Vivienne Shue. Photo: Jonatan Kruse.

1) “The return of the authoritarian great powers”, *Foreign Affairs*, July/August 2007.

2) See page 16 for a list of participants.

This summary comes with a video documentation of the intellectual summit. The one hour long film has been edited by Glasshouse Forum and produced by the Swedish production company Edinim.

In the Shadow of the Global Crisis

The venue was again Maison Louis Carré outside Paris, and the meeting took place on 23–24 February 2009. Less than a year had passed since the last meeting, yet it seemed like another era. What had occurred in between was of course the economic crisis, which had begun in the US financial system and quickly spread to the real economy and then all over the world. The first reaction was that it meant a crisis for the Anglo-Saxon model, and would perhaps have consequences for the standing of liberal democracy. We must not forget that the strong position of democracy is largely due to its economic and military successes.³

However, it soon became apparent that the crisis would mean a stress test for the whole world, particularly China. The nation is interlinked with the US economy, partly through exports, partly through major dollar holdings. Growth in China has fallen to the levels considered critical to political stability. Had the economic rise of China taken a serious blow? Or would the crisis in fact hasten a global economic and political reorientation towards Asia?

It was notable, as the moderator Gideon Rachman pointed out in his summary, that none of the meeting participants leapt to the defence of Fukuyama's theory of a convergence of the world's political systems on liberal democracy. Yongnian Zheng said that the younger generation in China had become more critical to liberal democracy and gained more self-confidence from China's economic progress. Wei-Wei Zhang warned the West of being "overconfident". China had learned pragmatically from the West. Was it not time now for the West to learn from China, particularly now that the economic problems in the West have turned out to be so great?

One recurring theme was that in the West the fragility of the Chinese regime was exaggerated, and it was often presented as a small ruling elite trembling with fear of its own people. Wei-Wei

Zhang commented ironically on the continual predictions of China's collapse which could be found in Western media. China would be broken by the Asian financial crisis in 1997, it was said; and SARS would bring disaster. The latest message was that the global economic crisis would destabilise China. However, Wei-Wei Zhang asserted that China is well-equipped to meet the crisis. Every economy needs to resort to state interventions to combat it, and China has more experience than anyone in that field. There is much to indicate that China will be the first major economy to emerge from the crisis.

The other participants from China shared this self-confidence. Shaoguang Wang expressed the opinion that China today is much better equipped than it was in 1997. In 1997–2002, 60 million jobs were lost and there was no basic safety net. The social consequences of the crisis were extensive and gave rise to widespread political protests. Today there is a rudimentary backup in the form of a guaranteed minimum income for both the urban and rural population and improved healthcare. The safety net is not sufficiently strong yet, but at least it is in place.

Shaoguang Wang also underlined that it is important to view the slowdown in the Chinese economy in a wider perspective. Firstly, the high growth rate in China would have had to slow down sooner or later. Secondly, one must remember that until quite recently, the big problem in China was inflation, and perhaps the countermeasures were a little too effective. The third component in the slowdown is of course the financial crisis first noticed in the USA. However, the situation today is troublesome above all for migrant workers and college graduates, Wang went on, who are hard hit by unemployment. For the other Chinese, the situation seems fairly stable.

But has the crisis not shown that the idea of decoupling is a myth?⁴ The quick downturn in the rate of growth in the Chinese economy seemed to confirm the very fact that the Chinese export

3) See Michael Mandelbaum, *Democracy's Good Name*, 2007.

4) The decoupling theory holds that European and Asian economies, especially emerging ones, have broadened and deepened to the point where they no longer depend on the United States for growth, leaving them insulated from a severe slowdown there, even a fully fledged recession.

economy is extremely dependent on demand in the USA. The USA has “spent itself silly”, as Simon Long put it, and China has financed it. The British economic historian Niall Ferguson has suggested that we regard the USA and China as one nation, “Chiamerica”, since the economies are in symbiosis. China’s growth is based on American consumption, which is largely fuelled by a recycled Chinese trade surplus. It is a demand generally made on export economies that they should increase their consumption and not rely on American demand, both for their own sakes and for that of the world economy.

Zhiyuan Cui considered that the West has overestimated the Chinese economy’s reliance on exports. Restructuring the economy to cater for the home market has been going on for some time. Niall Ferguson has actually withdrawn his Chiamerica theory after a visit to the town of Tongchi in Western China, which is investing heavily in infrastructure and reckons on 18 per cent growth this year.⁵

Capitalism/Socialism?

Wei-Wei Zhang declared that China today is one of the least ideological countries in the world, prepared to test what works in a pragmatic way. However, the perception of China as a socialist state was surprisingly strong among the participants.

Shaoguang Wang said that China was still searching for a model, one that would certainly be socialist. China is much more socialist than is often realised in the West. Historically, socialism in China has meant two things: equality and not following the Western model. That applies today: socialism means economic development and shared prosperity. Another reason to underscore the socialistic element is the scale of state and collective ownership in China. Publicly-owned enterprises today provide 40 per cent of China’s GDP. The state-owned enterprises have performed much better in recent years and have returned profits amounting to 6 per cent of GDP, Wang explained. He also pointed to the fact that surveys have repeatedly shown that socialist values are strong among the Chinese people in general.

Zhiyuan Cui too stressed the importance of state ownership. The talk of a socialist market economy was not an ideological veneer on a capitalistic reality. He referred to an idea from the British winner of the Nobel Prize in economics, James Meade, who held that profitable state-owned companies in the West can make the state less dependent on taxation and indebtedness. Meade fell out of favour after that announcement, but that is just what is happening in China. State companies return profits that keep down taxes and public indebtedness. In that way, they also make good conditions for private enterprise. There is no conflict between state and private, as is often supposed in the West. The two sectors can compete against one another in a market economy. Zhiyuan Cui also expressed belief that the crisis in the West, which has driven the nationalisation of companies, will change the view towards state ownership. The nationalisations are often presented as temporary, but this need not be the case, and in this the West can learn from China.

Democratic/Authoritarian

Yongnian Zheng was undecided on whether China should be classified as socialistic or capitalistic. It is primarily a Chinese state. The party is not a political party in the Western sense, but a latter-day imperial state with traditional elements. It learns from the West as well as from its own tradition. Confucianism has undergone a renaissance, and with it the perception of meritocracy: those best suited run the nation’s affairs. The political system is thus based more on selection than election.

Daniel A. Bell too pointed out the importance of Confucianism in today’s China. Its meritocracy and paternalism complement the socialist ideal. In the future, China will be a mix of meritocracy and democracy. This polarity, not the polarity between democratic and authoritarian, is central.

The attempts to present this as something specifically Chinese

⁵ See Niall Ferguson, “The End of ‘Chiamerica’”, <http://standpointmag.com/node/399/full>

brought disagreement from the participants from the West. Azar Gat reminded the meeting that the vision of government by the wisest is formulated as early as Plato's *Republic*, certainly not an insignificant text. And was the socialist market economy not fairly similar to the European social market economy? It is in addition difficult to put Western individualism alongside Asian collectivism. As Timothy Garton Ash noted, it is not difficult to find examples of anti-individualism in Western tradition. Wang countered that by replying that one can find every value in every culture, but there is a difference in how the values are ranked.

According to Wei-Wei Zhang, the democracy/autocracy dichotomy obscures the crucial issue of whether or not it is good governance. There are examples of bad governance both in democracies and in dictatorships. The legitimacy of a regime must be based on substance, not procedure. China has repudiated both the Soviet Union and the Western model and is now pragmatically and experimentally finding its own way. Experience indicates that liberal democracy only works in countries that have been through the Enlightenment.

Vivienne Shue was of the opinion that the concept of authoritarianism has become more or less meaningless with regard to China. The political dynamics are much more complex and demand constant renewal. Many of these innovations, which are to do with different forms of pluralism, possibilities to articulate differing interests and greater inclusion, have been initiated top-down. There is no sign of the rate of change slowing. The Chinese today see it as evident that their future system will look different.

There is an old tradition in China, Yongnian Zheng pointed out, to see the Emperor and the people as good, but the middle strata as evil. This applies today too. The legitimacy of the central leadership is solid in the eyes of the people. It is the local leaders who take the blame and who risk being dismissed if there is serious dissatisfaction with them. This vertical breadth in China is reminiscent of the American, Timothy Garton Ash said, and it can be a source of strength. It is important to bear that in mind, so that we do not assume we are dealing with an ordinary Asian tiger: it is something much bigger. This special structure with an intermediate buffer is an

important explanation for the stability of the Chinese regime, said Vivienne Shue. It gives elasticity and flexibility and also makes it possible to articulate political dissent.

One decisive issue is of course how this selection is made, if it is not through election. And how can a regime create and renew its legitimacy in the absence of free elections? This was a recurring objection from the participants from the West: only free elections can confirm and renew the legitimacy of a government. But are there possibilities to let public opinion influence decisions even without free elections? Massive efforts are made in China to probe and take into account public opinion. There is today a full-blown industry that canvasses opinions and reactions, Shaoguang Wang pointed out. Every university has such departments, and those in power know that they will be the object of such surveys in all shapes and sizes.

Why does the Chinese regime enjoy such widespread legitimacy in the eyes of the people, and even more so than earlier? Wang cited Seymour Martin Lipset's legitimacy theory, which says that a regime is legitimate if it is the best feasible alternative. Some alternatives can be feasible but not better – the Soviet Union was put forward as an example. Others are perhaps better but not feasible, such as Western democracy. In this intersection between good and feasible, the existing regime appears the best alternative. Simon Long countered that this could be due to the fact that the regime did not permit any other alternatives to be visible.

One concept central to understanding how the regime is perceived and how it sees itself is performance legitimacy. One wins legitimacy by doing the right things. This was set against procedural legitimacy, which one has in the West – substance against procedure. This can mean anything from reacting quickly to events to steering macroeconomic development. It took 9 hours for Indian elite units to arrive at the scene after a recent terrorist attack, while it took 20 minutes for the Chinese army to mobilise when an earthquake occurred.

Feng Zhang pointed out that the entire symbolism of the Olympics was a signal to the population that China has now regained its pride after centuries of humiliation, an event that was completely central to Chinese behaviour and feelings. However, as

China grows in power, it will most probably relate to imperial periods farther back in history. There is a widespread belief – Feng Zhang spoke of myths that are used to structure the debate – of Chinese superiority over the West in that it had pursued a more peace-oriented foreign policy, and it is probable that this perception of superiority will grow if the current crisis worsens.

The central objection to the perception of performance legitimacy was that it is difficult to measure. Irrespective of how much one talks of meritocracy and good governance, one must not forget that corruption is a big problem in China. Vivienne Shue feared that corruption may turn out to be China's "fatal flaw".

A Chinese Model?

Is there then reason to speak of a Chinese model, both as part of self-understanding and as an inspiration to others? Several participants had major reservations over this. Vivienne Shue warned that models are always simplifications and are rooted in dreams of something primal. In reality, all models are hybrids. China has assiduously borrowed from both the West and Asia. If one compares a Western model with a Chinese model, there is also a risk of simplifying the road that the West has taken towards modernity – one must not forget that the modernisation of the Western states encompassed slavery and imperialism and that it was not a straight road.

Azar Gat mentioned that industrialisation in the West occurred before the introduction of democracy, and industrialisation would perhaps not have been possible if the people had had their say, since the burden on large groups is so tangible. The Chinese government stifles opposition to modernisation, and perhaps this is the only possible course. In the case of India one might suspect that industrialisation and urbanisation are impeded since the majority want to avoid the pressures. Gat considered that it was too early to speak of a Chinese model; it lies farther ahead in the future, when China has become more developed. As yet however, we know very little of the future China. How will it react when its comparative advantages diminish? Will it become protectionist and isolate itself?

Shaoguang Wang pointed out how difficult it is to clearly define the Chinese model. If one manages to clearly define it, then it is not the Chinese model. However, we can assume that it will be different from in the West and that it will be socialist in the sense that it will emphasise a combination of socio-economic equality and economic growth.

If in fact there is a Chinese model then it is not certain that it is for export. Wei-Wei Zhang stressed that the Chinese have no ambitions to preach to others. Neither do they need to seek Western approval for their society. Simon Long doubted the exportability, by referring among other things to the fact that China's position, both in time and space, has been of major importance to the country's development. The economic conditions that have prevailed in recent decades would not apply to anyone wishing to emulate China and one should not overlook the importance of geography when developing an export economy.

Timothy Garton Ash said that China would perhaps never become a model for others, but would simply be China. It is perhaps the great ideological challenge to come for Western universalism that nations refrain from such model-ambitions and choose simply to be themselves.

Historic Cliff-Hanger

When this intellectual summit was over, we at Glasshouse Forum had the feeling of going through a historic cliff-hanger. It will probably not take long for us to get answers to some of the questions about China and its model if any. The crisis will catalyse events.

Winston Churchill once said of the power struggle in the Kremlin that it was like watching dogs fight under a carpet. After tumult and noise, a victor emerged. To some extent, the global situation gives that impression today: dogs fighting beneath the world map. It is very difficult at present to predict who will emerge stronger from the global crisis. Perhaps there will be several victors, bloody and dishevelled.

List of Participants

Timothy Garton Ash, Professor of European studies in the University of Oxford, Isaiah Berlin Professorial Fellow at St Antony's College, Oxford and a senior fellow at the Hoover Institution, Stanford University

Daniel A. Bell, Professor of Political Philosophy and Ethics in the Department of Philosophy at Tsinghua University, Beijing

Zhiyuan Cui, Professor, School of Public Policy and Management, Tsinghua University, Beijing

Azar Gat, Ezer Weizman Professor of National Security at Tel Aviv University

Simon Long, Asia editor for *The Economist*

Gideon Rachman, Chief foreign affairs columnist for the *Financial Times*

Vivienne Shue, Leverhulme Professor and Director, Contemporary China Studies Programme, Oxford University; Fellow, St. Antony's College

Shaoguang Wang, Professor of Political Science at the Chinese University of Hong Kong

Feng Zhang, PhD student at the London School of Economics, and researcher at The Foreign Policy Centre in London

Wei-Wei Zhang, Senior Research Fellow, Centre for Asian Studies, Geneva and Professor of International Relations, Fudan University, Shanghai

Yongnian Zheng, Professor of Chinese Politics, Director of the East Asian Institute, National University of Singapore

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This publication is part of Glasshouse Forum's project "The return of the capitalist-authoritarian great powers", which, to date, also includes the titles *An Edited Transcript from a Round-Table Conference on Authoritarian Capitalism*; *White Whale or Red Herring? – Assessing Sovereign Wealth Funds*; *The Limits of the China Model*; and *Tolerance and Democracy in Liberal and Authoritarian Market Economies*. Other Glasshouse Forum projects 2009 are: "A consumed society?", "Short-termism in the long run" and "Globalisation and the middle class in the West".