The Myth of the Beijing Consensus

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The widely touted concept of the ‘Beijing Consensus’ (BC) suggests that China’s economic success violates conventional theories of development and offers developing countries an alternative vision to the Washington Consensus (WC). Although ambitious, the original conception of the BC is not up to the task of being a worthwhile competitor to the alternative model from which its name was coined, not because of the WC’s apparent worthiness, but rather because the BC is a misguided and inaccurate summary of China’s actual reform experience. It not only gets the empirical facts wrong about China, it also disregards the similarities and differences China’s experience shares with other countries, and it distorts China’s place in international politics. In spite of these weaknesses, the BC is nevertheless a useful touchstone to consider the evolution of developmental paradigms, compare China’s experience with that of others, identify the most distinctive features of China’s experience, and evaluate its significance for the development prospects of other countries and for international relations.

China’s phenomenal economic success has given rise to a debate about the reasons for its achievements and the implications for broader debates about what constitutes the most appropriate development strategy for developing countries generally. Some believe that the broad liberalization of the last 30 years deserves the credit, which would be consistent with conventional explanations for economic development. Others suggest that just as significant as liberalization has been the measured pace and distinctive sequencing of reforms developed and carried out by a state with strong governing capabilities. They believe China’s success challenges conventional theories about the most appropriate development strategies and the role of the state. One observer, Joshua Cooper Ramo, labels what he sees as China’s unique approach as the ‘Beijing Consensus’ (BC, beijing gongshi), thereby distinguishing it from the ‘Washington Consensus’ (WC, huashengdun gongshi), which connotes a more conventional development approach.1

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Ramo’s argument, which he detailed in an extended essay in 2004, has touched off a wide debate among scholars and policymakers in China as well as scholars elsewhere. In subsequent years, the power of this alternative vision has seemed to grow, particularly in the wake of the global financial crisis, which apparently laid bare the weaknesses of market fundamentalism and highlighted the importance of government regulation. Despite this turn of events, the original conception of the BC is not up to the task of being a worthwhile competitor to the alternative model from which its name was coined, not because of the WC’s apparent worthiness, but rather because Ramo’s Beijing Consensus is a misguided and inaccurate summary of China’s actual reform experience. It not only gets the empirical facts wrong about China, it also disregards the similarities and differences China’s experience shares with other countries, and it distorts China’s place in international politics.

Yet in spite of these weaknesses, the Beijing Consensus is nevertheless a useful touchstone to consider the evolution of developmental paradigms, compare China’s experience with that of others, identify the most distinctive features of China’s experience, and evaluate its significance for the development prospects of other countries and for international relations. The BC is at once an unpleasant distraction and a useful tool to consider the true import of China’s development experience.

The article begins with a summary of the Washington Consensus and the debate around it in the wake of the problematic economic performance of Latin America and other regions in the 1990s. To its supporters, this disappointing record showed that the WC was misunderstood and needed to be supplemented. To its critics, the WC needed to be replaced in favor of other approaches, such as those adopted in East Asia where economic success has been accompanied by extensive government intervention in the economy. The article then turns to a discussion of the Beijing Consensus, both in its original form and how it has been interpreted and critiqued in China. The BC is based on a misguided analysis of China’s political economy. Although one might expect Chinese commentators to welcome such a laudatory label, ironically, opinion in China has been largely critical of the BC. Given the problems with the BC, we then consider another potentially more useful framework for distinguishing China’s record, the China Model. In the conclusion, we discuss the implications of the BC and the China Model for the debate about economic development strategies of individual countries and policies of international institutions. The lessons taken from China may be less revolutionary than the advocates of the BC or China Model imagined.

The Washington Consensus

The WC is the invention of John Williamson, an economist at the Peterson Institute of International Economics in Washington, DC. In 1989 he hosted a conference to draw attention to economic reforms that had been carried out in Latin America over the last decade and to identify areas in need of further reform. In his own paper, which was published in a volume soon after, he included a list of ten policies he ‘thought more

or less everyone in Washington would agree were needed more or less everywhere in Latin America. Hence, the name, ‘the Washington Consensus’. The list (see Table 1) was not meant as a criticism of Latin America, nor was it an effort to preach or apply pressure. He believed these reforms were so widely recognized as correct, he equated them with ‘motherhood and apple pie’.

In the years after the original WC was publicized, Williamson was forced to qualify his original statement. First, he recognized that he had overstated the existence of a consensus on two points. Rather than agreement about the benefits of a competitive exchange rate (#5), there was growing support in the US for a ‘two-corner’ policy option in which a country chooses to either have a fully fixed or a freely floating exchange rate. And he admitted that there was wide disagreement in Washington about how fast countries should liberalize their foreign trade regimes (#6).

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<th>Point</th>
<th>Later revised or qualified</th>
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<td>1. Fiscal discipline</td>
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<td>2. Reordering public expenditure priorities away from non-merit</td>
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<td>3. Tax reform that combines broad tax base with moderate marginal</td>
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<td>4. Liberalized interest rates</td>
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<td>5. A competitive exchange rate</td>
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<td>6. Trade liberalization</td>
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<td>7. Liberalization of inward foreign direct investment</td>
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<td>8. Privatization</td>
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<td>9. Deregulation to ease barriers of firms for entry and exit of sectors</td>
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<td>10. Strong protection of property rights</td>
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Williamson also came to appreciate that the WC had been subject to misinterpretation. At the most specific level, he emphasized that point #7 (liberalize foreign direct investment) intentionally did not include liberalization of the capital account because there was never a consensus on that question. Deregulation (#9) was only meant to apply to reducing barriers to entry and exit of companies into markets, and was not meant to dissuade countries from having regulations to protect people’s safety and the environment. Nor did it imply that governments could not regulate the prices of public goods such as utilities. And the focus on property rights (#10) was originally meant to provide the informal sector with the ability to gain such rights, as has been detailed by de Soto.5

More importantly, Williamson has had a harder time fighting the impression that the WC is embodied in the views and policy prescriptions of the Bretton Woods institutions—the World Bank, the International Monetary Fund, and the World Trade Organization. The former two are renowned for conditioning their assistance on recipients’ adherence to policies reminiscent of the WC. In the 1990s, the IMF pressed recipients to open their capital account, including permitting unimpeded portfolio investment. However, Williamson points out that the WC did not include capital account openness across the board because many believe that premature opening can lead to a financial crisis, as occurred in East Asia, Russia, and Latin America in the late 1990s. Since there was not (and is not) a consensus on this point, it by definition could not be included in the WC.

Williamson, though, is most upset that the WC is often conflated with the economic ideology of neoliberalism. Williamson likes to point out that he and a famous critic of the WC, Joseph Stiglitz, actually agree on the substance of what makes good economic policies, but that Stiglitz has mistaken the WC for the policies of the IMF and neoliberal ideology.6 This school of thought can be traced back to Adam Smith in the eighteenth century and through the free-market Mont Pelerin Society since the end of World War II. In the 1990s it was most closely associated with the policies of Margaret Thatcher in Great Britain and Ronald Reagan in the United States.7 However, Williamson intentionally left out of the WC several key elements of a neoliberal policy framework, including monetarism, supply-side economics, and a minimalist state that did not provide welfare or address questions of income distribution. ‘If a critic chooses to use the third concept’, he wrote, ‘then surely he should say that he is talking about a concept of the Washington Consensus that has never commanded consensus in Washington’.8

7. The Mont Pelerin Society was founded in 1947 in the Swiss resort of the same name by Friedrich Hayek and other free-market intellectuals to promote classical liberalism.
The misunderstanding about the meaning of the WC is closely tied to differing judgments about the performance of countries who adopted its tenets. In the wake of the apparent failure of the WC to deliver sustained growth in Latin America, Africa, and the former Soviet bloc, the WC came under severe criticism. In response, Williamson went well beyond defending the original list. First, he clarified certain elements. He stressed that although privatization of the state-owned sector was necessary to promote development, how it is carried is equally important, which was revealed in the corrupt process that unfolded in several central European countries.

Second, he and others expanded their policy prescriptions in light of both failures and successes of the 1990s. He suggested that the original call to liberalize interest rates (#4) should have also included a call for broader domestic financial liberalization. He says there is also a growing consensus in support of liberalized labor markets and the adoption of crisis avoidance mechanisms, such as measures to reduce swings in the business cycle and curbing foreign borrowing by corporations. He also suggests the adoption of focused industrial policies that support the maturation of ‘national innovation systems’ through education, diffusion of technology information, funding of pre-competitive research, provision of R&D tax incentives, encouragement of venture capital, and support for industrial clusters. There is also agreement, he holds, for policies that target reducing inequality through progressive taxation.

The most significant supplement to the WC he has added is to agree with others that the policies of the WC have the best opportunity to succeed in the context of strengthened political institutions. What is often called the WC’s ‘second generation’ reforms include a strong judiciary, efficient civil service, and effective prudential financial supervision, an independent central bank, an anti-corruption agency, and a social safety net. Williamson does not specifically include democratization as a requirement, but the institutions he does identify in order to generate good governance could be interpreted to be more consistent with a democratic system.

And third, Williamson stresses that the WC should not be seen as an unbending ideology. If it was meant as dogma, then ‘hardly anyone who cares about development would want to defend it’. This means both the need to adapt its elements to local circumstances and to recognize that other policies beyond the WC may be necessary to generate sustained growth. Hence, he writes,

There will always be other things that matter besides those included in any attempt to lay out a general set of policy guidelines, and for a policymaker to imagine that s/he can stop thinking and simply follow a set of policies that someone else has concocted is irresponsible.11

In September 2004, Williamson joined 27 other economists, including Stiglitz, in issuing the ‘Barcelona Development Agenda’, which carried the same warning: ‘Encouraging developing nations to copy mechanically the institutions of rich

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9. Ibid., p. 27.
11. Williamson, ‘Did the Washington Consensus fail?’.
countries—as international financial institutions tend to do—is not guaranteed to yield results, and can do more harm than good”. 12

Williamson believes that his effort to clarify, supplement, and provide flexibility to the WC is in no way a repudiation of the original list and its underlying message. He suggests that earlier misunderstandings of the WC and recent experience require policymakers to be more careful in how economic reforms that support the WC are carried out.

Despite the best efforts of Williamson and his allies to rescue the WC, there is no doubt that the WC ‘brand’ has come under withering criticism. 13 Although Williamson was careful to focus on the list (and its later elaborations), the WC has been interpreted to mean much more. The end of the Cold War and Fukuyama’s ‘end of history’ thesis made democracy and free markets appear as the unquestionable twin tools of modernization. The IMF’s conditionality and the stagnation of Japan reinforced that sense. Problems in implementation of economic liberalization and reform became too obvious to overlook as unexpected potholes on the path to the promised land emerged. Critics charge that the revisions to the original WC, particularly the institutional requirements, do not reflect a more mature consensus, but a desperate grasping for new alternatives. Moreover, these various elements raise the bar to unrealistic levels for any country seeking to develop. As Naïm puts it, ‘The paradox is that any country capable of meeting such stringent requirements is already a developed country’. 14 Despite Williamson’s best efforts, the consensus he identified and propelled in the late 1980s collapsed as the new century dawned.

In its wake, analysts have been searching for new formulas to propel developing countries toward sustained growth. The most substantial challenge, which actually first gained momentum in the 1980s, has come from proponents of the ‘developmental state’, which is most closely tied with the success of Japan, South Korea, and Taiwan, but which also reflects the experience of France, Ireland, Israel, and others. 15 These observers collectively argue that markets often fail and that governments need to do more than be good referees and provide public goods (such as infrastructure and education). Developing country governments need to, among other things, guide businesses to invest in the appropriate industries, encourage their success at home and abroad, and protect them from foreign competition. At the turn of the new millennium, critics of the WC intentionally made appeals for several alternative consensuses, including the Monterrey Consensus, the Copenhagen Consensus, the Mexico Consensus, and the Southern Consensus. 16 The last, offered

16. The Monterrey Consensus was promoted by the United Nations and former WTO secretary-general Michael Moore to reduce global poverty. The Copenhagen Consensus was developed by asking economists what ten steps could be taken to improve global welfare assuming US$50 billion in additional resources were available. Stemming HIV/AIDS led the list. The Mexico Consensus concerned improving gender equality in Latin America and the Caribbean. See ‘Too much consensus’, Foreign Policy, (September/October 2004), pp. 16–17; and Gore, ‘The rise and fall of the Washington Consensus as a paradigm for developing countries’, pp. 328–332.
by Gore, combines lessons from both Latin America and East Asia by arguing for countries to pursue strategic integration into global economy, use a wide range of industrial policies to promote productivity growth, encourage government–business cooperation, decrease inequality, and foster regional integration and cooperation.

The misunderstanding, amendments, and challenges to the WC provide a critical background to understanding the context in which the Beijing Consensus concept emerged. Even if one believes that China’s dramatic growth of the past 30 years is the result of only those elements of reform consistent with the WC, all would agree that China has not consistently followed the WC, either the original version or the expanded framework. China has not unquestioningly accepted the advice of the World Bank, and it has avoided needing IMF support because of the conditionality that would accompany such aid. The question then becomes given China’s success, might it serve as a symbol for an alternative vision around which a new consensus is emerging? The short answer is that if one views China’s record as embodying the new dogma of what works, or what could be perceived as such, the likelihood of achieving agreement is incredibly low. The following sections show why that is the case.

The Beijing Consensus

As with the WC, the Beijing Consensus (BC) originated with a single individual, in this case, Joshua Cooper Ramo, who in 2004 published the ambitiously sounding extended essay, ‘The Beijing Consensus: notes on the new physics of Chinese power’. A former editor at *Time* magazine, he was a managing partner in the office of Goldman Sachs chairman John Thornton and a professor at Tsinghua University at the time the essay was published. Virtually unknown among China specialists at the time, Ramo’s tract took the field by storm and drew immediate attention from Chinese scholars and officialdom. For a time, the BC created a buzz similar to that of the term ‘BRICs’, also invented by Goldman Sachs.

If one reads ‘The Beijing Consensus’ as a manifesto meant to trumpet China’s success and challenge the normative authority of the WC, then one can admire the boldness of Ramo’s effort and the rhetorical flourishes of his prose. The ambition is commendable, particularly from the perspective of a professor whose students usually sit on the fence and are wont to challenge conventional wisdom. Moreover, to the extent the label gains cache and resonates beyond China, it could serve as a challenge to the WC and as a symbol of China’s growing soft power. Nevertheless, as a piece of analysis, the BC is relatively incoherent and largely inaccurate.

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18. The term BRICs stands for Brazil, Russia, India and China, the world’s largest emerging economies. Observers believe Goldman Sachs put forward the BRIC idea as a marketing device in order to generate investment opportunities for itself, but it has become part of the standard lexicon of scholars and policymakers, including in China. See Michael A. Glosny, ‘China and the BRICs: a real (but limited) partnership in a unipolar world’, *Polity* 42(1), (January 2010).

Ramo obviously chose the term ‘Beijing Consensus’ as a provocative response to the Washington Consensus, but the BC’s three ‘theorems’ (see Table 2) do not parallel those of the WC. Ramo is explicitly concerned with explaining both China’s impressive economic development and her growing international influence. The first tenet is that China’s modernization has been rooted in innovation and technological leaps, which accounts for rapid increases in total factor productivity. As he puts it, ‘The conventional wisdom is that Chinese growth is an example of what happens when you let loose lots of cheap labor. In fact, innovation-led productivity growth has sustained the Chinese economy and helped to offset disastrous internal imbalances’. The second component is that China is intent on not only expanding the economic pie, but on achieving equitable distribution of wealth in which the benefits are widely shared. He notes that recently China’s leaders and even local officials have made sustainable and balanced growth a ‘central concern’. There is a widening commitment to reducing the environmental damage from growth; hence, the popularity of adopting ‘green’ as a more accurate measure of the economy’s performance.

The third element of Ramo’s BC is the notion that China has been able to maintain control over its development policies and path and that China’s success is leading it to challenge the United States by dint of China’s attractiveness as a model to others and its own growing power. According to Ramo, China has not felt compelled to strictly follow the WC and instead has pursued policies suited to local circumstances: ‘For China the main point of reference is and has been China itself’. As a consequence, ‘When measured in terms of comprehensive national power, China is already a rival

Table 2. The Beijing Consensus

1. Innovation-based development
2. Economic success measured not by per capita GDP growth but by its sustainability and level of equality
3. Self-determination for China and for other countries vis-à-vis the United States:
   - Opposition to the Washington Consensus
   - Globalization on their own terms
   - Chinese influence by example, not weaponry
   - Develop asymmetric capabilities to balance against the United States


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20. Dirlik mistakenly dates the term’s initial usage to the Fourth World Conference on Women held in Beijing in 1995. At a 1996 meeting in Turkey, Nafis Sadik, Executive Director of the UN Population Fund, commented that the 1994 International Conference on Population and Development (ICPD) had reached a consensus on the importance of achieving sustainable development, which was reconfirmed in Beijing the following year. It is clear that Sadik does not believe he had invented a term because he mentions a ‘Beijing consensus’ without capitalizing the second word, does not place the two words in quotation marks, and does not elaborate at all on anything distinctive about views reached in Beijing. See Arif Dirlik, “Beijing Consensus: Beijing “Gongshi”. Who recognizes whom and to what end?”, Position Paper, *Globalization and Autonomy Online Compendium*, (17 January 2006), p. 9, available at: http://www.globalautonomy.ca; and Nafis Sadik, ‘Population and sustainable human settlements’, Statement made at the United Nations Conference on Human Settlements (Habitat II), Istanbul, Turkey, 4 June 1996.
22. Ibid., pp. 22–23.
23. Ibid., p. 33.
of the United States in many important areas’. 24 Equally important, the developing world is flocking to China as an economic partner, political ally, and development model, all of which is eroding the US’s global dominance.

Despite flamboyant flourishes and strategic references to China’s wise political leadership, Ramo’s Beijing Consensus deals in several myths. Granted, in some ways China has not strictly followed the tenets of the WC and the country has become more influential globally. Yet making these points does not justify Ramo’s grand vision. The following critique focuses primarily on those elements directly related to economic development and does not engage the debate about China’s growing international influence and its potential challenge to American hegemony. Elements of the latter issues are taken up in the conclusion.

First, technological innovation has not been the centerpiece of China’s growth. Ramo sounds like futurologist Alvin Toffler in suggesting China could jump several generations of technology and do so based on its own innovations. 25 It would be inaccurate to assert that innovation has been irrelevant in China’s growth story. There doubtless have been a large number of incremental innovations in different sectors of the economy, and in particular, in manufacturing processes. Moreover, there is a rapidly growing pool of scientists, engineers, and entrepreneurs. The amount of funding dedicated to research and development has expanded in the past decade, particularly among companies. These investments are reflected in a rapid rise in the number of filed patents, copyrights, and trademarks.

Nevertheless, the Chinese have not been innovation leaders. For the most part, Chinese enterprises make products and provide services that have been designed or invented outside China. In high technology sectors, the most successful Chinese companies have integrated themselves into global production networks as assemblers and manufacturers of others’ designs. 26 The great majority of the value added in China’s information technology exports originates from outside China, and over 85% of these exports are produced in either joint ventures or wholly owned foreign subsidiaries of multinationals based in advanced capitalist countries. 27 Over the last few years China’s leaders have trumpeted an effort to promote ‘indigenous innovation’ (zizhu chuangxin). A centerpiece of this goal is to develop distinctive technical standards in information technology and then leverage China’s huge market size to force other countries to produce to these standards. The record so far, though, has been poor. The great majority of these efforts have failed; only those that are compatible with other foreign technologies show much promise of commercial success. 28

Second, the evidence that China is pursuing sustainable and equitable development is highly limited. At best, these can be seen as future goals which have not been the

24. Ibid., p. 3.
mainstream of Chinese policy during the Reform era. China has taken significant steps to create a regulatory infrastructure for environmental protection, but just about wherever there appears to be a tradeoff between the environment and growth, the latter wins.\textsuperscript{29} Ramo notes the great interest in Hu Angang’s green GDP calculations. However, although the Chinese government did allow a report based on 2004 data to be issued, it has not allowed similar reports to be issued in subsequent years because of the steep deductions in the growth data that emerge from such calculations.\textsuperscript{30} Similarly, inequality, not equality, has been a chief hallmark of China’s growth experience. Several hundred million people have been lifted out of poverty, but regardless of how measured—personal, sectoral, or regional—inequality has expanded. Ramo himself acknowledges this point.\textsuperscript{31} Recently, Beijing has eliminated some preferential policies for coastal regions and increased investment in Western China, but the gap between coast and interior is still massive. Poorly constructed schools, homes, and office buildings which were decimated by the May 2008 earthquake in Sichuan are unfortunate evidence that these regional differences persist.

The third myth that Ramo offers is that China’s economic development strategy is unique. In one sense, that is true. No other country has adopted the same mix of policies and achieved the same results, and certainly China’s own development path has been to some extent conditioned in a way by the country’s size and political institutions that set it apart from others. Yet extrapolating from having some distinctive elements to hail a new consensus does not say much. The same could be said of the world’s every other 191 countries. It would certainly be meaningless to ascribe the label ‘X-country Consensus’ to every nation that has achieved successful development.

At the same time, one should note that if one were measure China’s policies against the original WC, one would find that China essentially followed eight of the ten elements.\textsuperscript{32} China closely abided by the WC in terms of fiscal discipline, maintaining a competitive exchange rate (some would say too competitive), liberalizing trade, and liberalizing foreign direct investment. It has made gradual progress on four others: reordering spending away from non-merit subsidies toward public goods, expanding the tax base, easing barriers to market entry, and strengthening property rights. It has moved the least on liberalizing interest rates and privatization, but even on the latter, a substantial portion of SOEs have been privatized since the late 1990s.

Despite these areas of overlap, it is entirely reasonable to see that China’s behavior has not approached the WC ideal. If we applied a more nuanced comparative lens, we would discover that 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. This is in part because the intellectual source for most of China’s economic reforms has been the experiences of


\textsuperscript{31} Ramo, \textit{The Beijing Consensus}, p. 24.

\textsuperscript{32} The author thanks Arthur Kroeber for providing this scorecard. Personal correspondence, June 2008.
other countries, and China’s experts and officials have closely examined and borrowed from elsewhere.\footnote{On efforts early in the Reform era to study the experiences of the United States, Eastern Europe, Southeast Asia, Ireland, and elsewhere, see Carol Lee Hamrin, \textit{China and the Challenge of the Future: Changing Political Patterns} (Boulder, CO: Westview Press, 1990), pp. 30–63.} Ramo would have been closer to the mark if he said China was following in the footsteps of other developmental states.\footnote{Randall Peerenboom, \textit{China Modernizes: Threat to the West or Model for the Rest?} (Oxford: Oxford University Press, 2007), pp. 26–81.} China’s government has consistently intervened in the economy, using both macro and micro economic policy tools, and the Chinese have explicitly adopted some of the policies of their neighbors. Ramo says China’s special economic zones (SEZs) were the inspiration for those in India, but China borrowed the idea from elsewhere.

At the same time, China diverges from its East Asian neighbors in several respects.\footnote{Unless noted, the views in this paragraph are taken from several of the chapters in Scott Kennedy, ed., \textit{Beyond the Middle Kingdom: Comparative Perspectives on China’s Capitalist Transition} (manuscript currently under review).} The fastest growing segments of China’s economy, the coastal private sector, have achieved their success without central government encouragement and have had to survive in highly competitive markets. Efforts to ‘rationalize’ sectors by forming cartels or banning firms regularly fail. For the last decade, the central government has tried to raise the concentration of the steel sector, but China has over 6,000 steel companies, 2,000 more than when the initiative began. Whereas Japan and South Korea maintained extreme barriers to foreign direct investment and imports, in relative terms, China has been far more open to the international economy. China has been the largest destination in the developing world of FDI for more than a decade, in part because of foreign political pressure and in part because of China’s own economic weaknesses that necessitated attracting foreign managerial talent and technology.\footnote{James Fallows, who is also a specialist on Japan, writes, ‘China’s behavior, and that of its companies, is easier to match with standard economic theories than Japan’s’. Fallows’ position is rare among specialists of Japan who have turned their attention to China. Chalmers Johnson, Clyde Prestowitz, and Eamonn Fingleton all believe China is following Japan’s economic model. See James Fallows, ‘China makes, the world takes’, \textit{The Atlantic Monthly} 300(1), (July/August 2007), pp. 48–72; and Eamonn Fingleton, \textit{In the Jaws of the Dragon: America’s Fate in the Coming Era of Chinese Hegemony} (New York: Thomas Dunne Books, 2008).} Whereas Japan, South Korea, and Taiwan had highly organized systems for government–business consultation, industry associations are poorly developed in China. Chinese and foreign industry do influence China’s economic policies, but most business contact with government occurs through informal, individualized channels, sharing more similarities with government–business relations in Russia and India. And China’s social welfare system is far less developed than its neighbors and shares much more in common with other ‘uneven developers’ such as South Africa and Egypt.

The ultimate point of all of these examples is that a sweeping generalization of distinctiveness blurs more than it clarifies. Engaging in fine-tuned comparisons across the constituent elements of China’s economy is more valuable.

The fourth problematic aspect of Ramo’s thesis is that he assumes that the different elements of the Chinese state have acted in concert with each other, that together they have pursued a well-defined goal, and that China’s economic performance is a reflection of those plans. Such a view ascribes the central role in the story to Deng Xiaoping and subsequent Chinese leaders. While no doubt immensely influential, the
record indicates that they have not been all-powerful rulers able to force their vision on the rest of society. To a large extent, China’s leadership has had to react to economic and political pressures not of their choosing. During the first 15 years of the Reform era, many policies reflected a compromise between liberal and conservative wings of the Communist Party. Although ideological disagreements have diminished as a result of purges and death, bureaucratic conflicts have continued to shape the adoption and implementation of policies. More recently, lobbying by business interests and other components of society has become central to policy debates at the national and local levels. Many of China’s most successful policies were first adopted locally, not as centrally-approved experiments, but as violations of central policy, and then were only subsequently endorsed nationally. The bottom line is that compromise between different groups, not consensus, has been the source for most of China’s economic policies.

The final myth proffered by Ramo is another type of consensus, that China’s intelligentsia and officialdom agree with the accuracy of his BC. Writing three years later, Kurlantzick claims Ramo’s ideas have garnered wide acceptance in China. My own review of the Chinese debate is that if there is a consensus in China, it is that the BC is wrong and overly antagonistic of the United States and the global community.

Some Chinese commentators find utility in the BC. Most importantly, they like that it is critical of the WC, neoliberalism, and the shock therapy approach of Eastern Europe and the former Soviet Union. Criticism of the WC legitimates development paths that adhere to countries’ individual circumstances. Others appreciate the BC because it acknowledges China’s historic economic success. Tian and Wei believe that at a minimum the discussion of the BC will generate more research on China.

Nevertheless, the large majority of Chinese commentary is critical of the BC. Some believe it is inaccurate or an exaggeration, while others believe it overlooks the

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most important elements of China’s economic reforms.45 Many commentators write that the BC makes claim to a consensus that does not exist.46 Still others stress that the BC understates the depth of problems that China’s economic strategy has produced and the depth of problems still to be overcome.47 And finally, a number of observers hold that China’s economic reform strategy has depended on elements of the WC, such as free prices, competition, limiting inflation, and accession to the WTO. Hence, those elements distinctive to China merely supplement rather than challenge the WC.48

Finally, attention to the BC in China emerged in reaction to Ramo’s essay but has faded over time. Based on my own experience of living in Beijing in the second half of 2008, one almost never heard Chinese scholars or experts mention the BC without prompting from outsiders. Mention of the term mainly generated criticism and the statement that the BC term was not a Chinese creation. To the extent the BC invoked positive reactions, people simply saw in the term a recognition that China has pursued its own development path and not unquestioningly followed policies dictated by others. The lack of resonance for a Beijing Consensus amongst the intellectual elite and officials in the country that supposedly could benefit most from claiming such a title should be seen as the final nail in the coffin for Ramo’s theory.

From the Beijing Consensus to the China Model

Given the problems of the BC in terms of both substance and nomenclature, a more productive conversation about China’s development experience needs to move in other directions. One of the most popular alternatives of late has been the ‘China Model’ (zhongguo moshi). Although the term does not explicitly assume common agreement amongst China’s elite and it has attracted more interest by Chinese analysts than the BC, interpretations of the China Model vary far and wide, and none stand up well as a rigorous summary of a distinctive Chinese developmental experience.

Unlike the BC, the China Model has no clear provenance, but it appears that the phrase originally was used to distinguish China’s gradualist reform strategy from the ‘shock therapy’ approach adopted by post-Communist states of central Europe. In that regard, the China Model is a synonym for the more ideologically inspired, ‘socialism with Chinese characteristics’. Its purpose is to justify the Reform era’s break from Maoist policies while at the same time suggesting it is entirely appropriate for China to follow a path different from its fellow former Socialist comrades. To some analysts, this coda only hides the reality that China is no longer genuinely socialist, and hence, the emergence of the term ‘capitalism with Chinese characteristics’.

A second way the China Model has been deployed is as a synonym for the Beijing Consensus. Though not sharing the exact meaning, commentators emphasize that China has not followed the WC and permitted extensive state intervention in the economy yet not foisting its own development experience on to other countries. Some who see the overlap between the BC and the China Model argue in favor of using the latter because the BC is more likely to arouse fears overseas of the Chinese threat to the international system. Regardless of which of these two terms one favors, though, when the China Model is used this way, it faces most of the same problems noted above about the WC.

Another way the China Model has been used is to highlight the strategy of rapid economic reform while simultaneously maintaining China’s original political institutions. Yao Yang, a professor at the influential China Center for Economic Research at Peking University, stresses that since officials do not have to be responsive to special interests, China’s ‘neutral government’ (zhongxing zhengfu) has been able to consistently pursue policies which serve the general interest. Although this claim may not hold up to detailed scrutiny, a key implication of the analysis is to distinguish China from India and other democratic developing countries, and in doing so, help to justify the continuation of the CCP’s one-party rule. Critics, on the other

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50. Shaun Breslin, ‘Capitalism with Chinese characteristics: the public, the private and the international’, Murdoch University Asia Research Center, working paper no. 4 (May 2004); and Yasheng Huang, Capitalism with Chinese Characteristics: Entrepreneurship and the State (Cambridge: Cambridge University Press, 2008).

51. For one of the more detailed descriptions of the China Model, see Cai Tuo, Quanqiuhua yu zhengzhide zhuanyi [Globalization and Political Transformation] (Beijing: Peking University Press, June 2007), pp. 353–355.


hand, use this label to criticize China for pursuing ‘authoritarian capitalism’. Whether meant as praise or criticism, if this is the only basis of the model, then surely it does not deserve the adjective China, since many countries have successfully pursued economic development in the context of a strong authoritarian state. The most obvious examples are several of China’s neighbors in the decades after World War II, but one can find additional cases at other points in time (Meiji-era Japan) or in other regions (late nineteenth-century Mexico).

Most recently, in the wake of the global financial crisis, the China Model has been re-deployed to refer to China’s export-oriented growth strategy. Some analysts believe China has overly embraced globalization and been too dependent on foreign markets and instead needs to promote domestic consumption and higher productivity as the foundation for future economic growth. In this usage, the model has been reduced to describe only one aspect of China’s economy—its orientation toward the global economy. Observers such as Wang Yong note that China’s heavy reliance on exports distinguishes it from large industrialized economies such as the United States, but China in many ways is following the strategy of many of its neighbors. The ironic implication of this last usage is that this strategy emphasizes extensive trade and investment liberalization, which is consistent with the Washington Consensus.

In addition to the difficulties noted above, no matter how deployed, the China Model faces two other analytical problems. The word ‘model’ implies a coherence and guiding plan that likely does not square with the reality of China’s path. As noted earlier, despite the strong leadership of Deng Xiaoping and subsequent CCP chiefs, many policies have been the product of compromises amongst elites, bureaucrats, and interest groups, and have been in response to short-term problems as much as long-term plans. Finally, the China Model implies a single, consistent strategy, when economic reform has actually proceeded through several stages, each different from the proceeding one. If the China Model is reduced to mean modifying China’s policies as circumstances change over time or choosing policies through experimentation, then it is robbed of much analytical rigor.

Conclusions
The proponents of the BC and China Model would have observers believe that China’s experience directly violates the dogma of the WC and neoliberalism. Although China did not strictly adhere to Williamson’s ten tenets or the various elaborations, in particular with regard to governing institutions, fundamentalists on either side may be overstating how far China diverges from standard economic theory. Rodrik argues that the goals of neoliberal analyses do not imply only one type of policy prescription. Hence, he writes that ‘broad objectives of economic reform—namely market-oriented incentives, macroeconomic stability, and outward

orientation—do not translate into a unique set of policy actions. For example, property rights (#9) can be secured in individuals, but China through the mid-1990s endowed local governments with such protections, which helps explain the phenomenal success of township and village enterprises (TVE). Rodrik’s broader purpose is to show that extensive government intervention can be consistent with traditional economic logic. One of the greatest ironies is that traditional economics is flexible enough to make sense of and make peace with China, undercutting the very rationale for a BC or China Model as a challenger to orthodoxy.

Despite their problematic construction, the perception that a Beijing Consensus or China Model exists may still have consequences for China, other countries, and international institutions. These ideas are most likely to have an impact on the place that draws their inspiration. Because it is viewed as a foreign creation, China’s leadership has not embraced the BC, and hence, it will never find a place as ideological supplements alongside ‘socialism with Chinese characteristics’ or ‘reform and opening up’. But the government has at least implicitly endorsed the discussion of a China model. That there is no agreement on its contents or utility may be less relevant than that the discussion occurs, which gives legitimacy to any way in which China diverges from the free-market democratic ideal promoted by others.

China’s experience also has implications for debates about the appropriate role of the state in the economy. Although the Bretton Woods institutions offer policy advice to clients which is often still old-school or new-school WC, their analysts are coming to terms with the success of China and other countries where government has played a large role. No longer is a limited non-interventionist state accepted as always appropriate. Japan and others in East Asia helped initiate this discussion, but perhaps China’s success has made it seem appropriate for an even broader swath of countries. China’s experience appears to give additional impetus to the breakdown of any universal dogma, a trend only reinforced by the responses of developed countries to the global financial crisis.

Whereas the BC and China Model may have some lasting resonance on matters political, given the problems of these terms and the flexibility of standard economic theory, it should be clear that the economic significance of these ideas should not be overstated. There are individual elements of China’s experience that deserve study and perhaps adoption by others, but they do not add up to a distinctive model. Even Yao Yang, the proponent of a ‘neutral government’ autonomous from social pressures, still stresses the need for China to center reforms around improving and supporting the market, not circumventing it. The BC and China Model do not neatly crystallize features of China’s experience that are unique to her or that can


60. There is no indication, however, that such intervention drew any inspiration from China’s experience, and the post-crisis policies have been defended as temporary measures in which a return to market principles will follow once the crisis passes.

be packaged as simple prescriptions for other developing countries to follow. Some countries are deeply interested in learning from China’s success.62 Some are led by authoritarian leaders intent on following China’s lead in achieving both growth and continued one-party rule;63 yet as has been demonstrated elsewhere, there is no one formula of economic success, and what ‘works’ in China likely will not directly transfer to other circumstances. Those who blindly adopt elements of Chinese policy may very well find themselves in the same place as those who adopted the WC without question, frustrated by economic and political crises.

Finally, there are some who are concerned that the BC may provide a foundation for a new North–South conflict,64 but a close examination of the substance of the BC and China Model and China’s own behavior indicate this is not likely. Although the world’s governing institutions are adapting somewhat to China’s growing role and may have to make greater allowances for state intervention under certain circumstances, in the grand scheme of things these challenges do not match the ideological conflicts of the Cold War between communism or capitalism or even those pitting the global wealthy North against the poor South. On most fronts, China is far more open and market oriented than when reforms began. At the same time, the Chinese government and industry have striven to learn and play by the rules of the international economic system. Even where the Chinese have interpreted these rules to serve protectionist purposes, they have typically followed the practices of developed capitalist countries. China’s self-serving application of the rules has become much more relevant than outright non-compliance with its commitments. As a result of the benefits it has obtained through both liberalization and targeted protection, the international economic system has served China well; and hence, the People’s Republic is far more likely to be a tinkerer advocating limited reforms than an outright opponent. Global governance institutions need to be reformed substantially, but the challenge is far less likely to come from a China who has deftly adapted to the capitalist world than from the least developed countries who are still trapped in a vicious cycle of poverty from which no consensus, Washington or otherwise, provides easy escape.


63. Joshua Landis, a Syria expert, reported that in his travels around the Middle East he regularly hears officials express strong interest in the ‘China Model’ in their quest to maintain authoritarian rule and achieve sustained economic growth. Discussion with the author, May 2008.

64. Dirlik, ‘Beijing Consensus’.