

End of the Beijing Consensus?

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Since China began economic reforms in 1978 its economy has grown at the dizzy rate of nearly ten percent a year. And its per-capita income is now twelve times higher. China has followed, critics complain, an unconventional approach to economic policy, namely, a combination of mixed ownership, basic property rights, and heavy government intervention. To which Joshua Cooper Raino, former editor of the *Times* magazine, has given a name : the Beijing Consensus, apparently in rhythm with the fading doctrine of Washington Consensus.

Now, an influential scholar, Yang Yao, refutes the designation attributed to China's economic model. He is the Deputy Dean of the National School of Development and the Director of the China Centre for Economic Research at Peking University.

China's economy has moved unmistakably, Yang Yao claims, toward the traditional market doctrines of neoclassical economics, with an emphasis on prudent financial policy, economic openness, privatization, market liberation, and the protection of private property. Beijing has been sincere to maintain a balanced budget and to keep inflation down. Purely redistributive programmes have been kept to a minimum, and central government transfers have been limited to infrastructure spending. China is the world's second largest recipient of foreign direct investment. And more than 80 percent of its state-owned enterprises have been released to private hands or transformed into public limited companies.

How has the Chinese government adopted the principles of neoclassical economics. Yang Yao wonders, while still professing Marxism as its ideological anchor? His reply : China is ruled by a *disinterested government*—a detached unbiased regime that takes a neutral stance vis-a-vis different social and political groups. The government has concentrated instead on its economy-enhancing ambition.

Astronomical growth has brought in its trail a precarious situation, warns Yang. As much as 52 percent of the country's national income is set aside for investment. So, household income as a share of national income is declining, and the average citizen feel poorer while the economy expands. The Tiananmen incident and numerous subsequent protests prove that the Chinese people are quite willing to stage organized resistance when their needs are not met by the state.

Beijing's ongoing efforts to promote its economy will inevitably result in infringements on people's economic and political rights. For example, arbitrary land acquisitions are still prevalent in some cities, the government closely monitors the Internet, labour unions are suppressed, and workers have to endure long hours and unsafe conditions. Chinese citizens will not remain silent in the face of such atrocities, and their discontent will inevitably lead to periodic resistance.

The learned Deputy Dean of the National School of Development at Peking University foresees: "Before long some form of explicit political transition that

allows ordinary citizens to take part in the political process will be necessary." Yang Yao asserts: "The reforms carried out over the last 30 years have mostly been responses (sic) to imminent crises." He concludes: "ultimately, there is no alternative to greater democratization if the CCP [Chinese Communist Party] wishes to encourage economic growth and maintain social stability." The so-called Beijing Consensus would thus fade away.¹

Washington Consensus is a term coined after the cold war for the free-market, pro-trade, and globalization policies advanced by America. Katrin Bennhold, a reporter of the *International Herald Tribune*, has painted the Beijing Consensus as a 'Confucian-Communist-Capitalist' hybrid under the umbrella of a one-party state, with a lot of government guidance, strictly controlled capital markets, and an authoritarian decision-making process that is capable of making tough choices and long-term investments, without having to heed daily public polls—a far cry from the neoclassical economics contemplated by Yang Yao.

Developing countries everywhere are looking for a recipe for faster growth and greater stability than that offered by the now tattering Washington Consensus of open markets, flexible currencies, and free elections. And as they do, there is profuse talk about a Beijing Consensus.

Economic success of the Beijing Consensus has been facilitated essentially by the unique foundation of China's social, economic, and political landscape. The history of China over two millennia had displayed two outstanding features. The civilization of China has formed the world's largest body of culturally unified people, aptly expressed by the patriotic slogan : *One China, One Culture*. Confucian value system was a primary source of inspiration for social assimilation. No matter what elements of civilization, peoples or cultural traits, came to China, they got integrated. The Chinese family has been a microcosm, the state in miniature. The filial piety and obedience inculcated in family life were the training ground for loyalty to the ruler and obedience to constituted authority in the state. This has been so in China since the antiquity. To be sure,, compatibility among the three branches of human living—society, economy, polity—has been maintained well in China and that has enabled its stable and unprecedented economic expansion.

In the society, the faith of Chinese people had been eclectic: a mix of Confucianism, Taoism, and Buddhism, now known as the Neo-Confucianism. It had been extraordinarily tolerant. In China, they used to say : The father may be a Buddhist; the mother may be a Taoist; the son may be a Christian; and nobody worries about them. Also, a Chinese is a Confucian while in his office, and a Taoist outside of his office. Communism has further strengthened social solidarity.

Signs of fissure are in the horizon; sounds of dissent are audible. Composition of the Communist Party has drastically changed. The majority of members now are no longer workers or peasants, but professionals, college students, and businessmen. On the one hand, more and more Chinese students educated abroad are returning home to work and start new businesses. On the other, currently about one-third of the private entrepreneurs are members of the Party. A mixed political-managerial class has emerged.² For how long will the "disinterested" government, pivot of the Beijing Consensus, maintain its sanctity?

The civil society itself is vibrant with deep sentiments for possible alternatives. The most remarkable evidence of this is in the contemporary art. "The originality and creative audacity of Chinese artists is quite breath-taking. The level of experimentation that one finds in their works may well be comparable to the revolutionary art movements one saw in Europe in the 19th and 20th centuries. These are indications of what is happening beneath the surface calm of an organized and pliant society. Though the world of art and humanistic talents appears distant from the world of commerce and economics, one can read off indicators of what is to come in the future by looking into the state of these individual pursuits."³ Unless these subterranean forces are allowed to come to the surface naturally, they can become unmanageable and disruptive.

Can the kernel of the Beijing Consensus be replicated in another developing-country, which has an inclination towards democracy, such as India? The Chinese Communist movement, as early as 1940, had articulated the historical formulation of Lenin : "economics is the base and politics the concentrated expression of economics," but not without adding the salient preface : 'Any given culture (as an ideological form) is a reflection of the politics and economics of a given society, and the former in turn has a tremendous influence and effect upon the latter.' The revolution in China had to be comprehensive, pervasive, not piece-meal, fragmentary. By contrast, the left-movement in India is oblivious of the continuity and interdependence among the society, economy, and polity. It overestimates the force of political power by itself.

Over half a century ago, in China "a man was usually subjected to the coercive domination of three systems of authority : the state system of political authority, clan authority, and religious authority." His freedom had to be reclaimed. To that end : "It is for the peasants themselves to cast aside the idols, pull down the temples." Party's propaganda policy in such matters is only to enlighten people's consciousness: in metaphor: 'Draw the bow without shooting, *just indicate the motions.*'

Man is a moral and political animal. Moral, since he 'is capable of reflection on his past actions and their motives—of approving of some and disapproving of others.'⁴ The conception of morality varies from one individual to another, depending upon their social instincts and actual life-process.

To the self-styled radicals of India, politics is much about redistribution of money, but little about economic advancement that could liberate the down-trodden from his age-old socio-economic bondage. They have no perception of social reform, no idea of the organic links that connect the society, economy, and polity. □□□

References :

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