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Is the Beijing Model of Development Sustainable for Developing States?

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Abstract

The Chinese economic and political model of development, or the "Beijing Consensus", is seen as the main reason for the country's immense economic success since the end of 20th century. In contrast to the "Washington Consensus", its unconventional approach to economic policy came to be known as the key plan in China's path to economic and political development. Now perceived as set of policies challenging the established ideas of contemporary development, many Chinese and international scholars propose the model as a development strategy for developing states. This paper explores the essence of what makes the Chinese model relevant in contemporary global economics, as well as questions the sustainability of the model in developing regions of the world, such as Africa, Latin America and Central Asia.

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Introduction

From early 1990s, the Washington Consensus was seen as the only way of creating and maintaining successful economic development in developing nations.

Market liberalization, human rights prioritization and democratization were all part of the strategies proposed by the International Monetary Fund and World Bank, who also used these elements as prerequisites for obtaining their assistance.

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However, in the several last decades the world saw the rise of China in its ambitious economic growth that made a positive effect not only on the national level, but also on a global one. Elements of the successful Chinese market include exports with low prices and high demand for commodities from all over the world, which have contributed to not only the national economy, but also the economy of numerous other countries.² Most of this is said to be due to China's development "model", or the so-called "Beijing Consensus". A "model of development" can be understood as a conceptual framework for political and, more importantly, economic policies, with the aim of guiding the state administration to understand how to successfully initiate a developmental process, and forming strategies for sustaining political and economic development. Such a model of development then is proposed to or adopted by developing states. Although there is no universal definition of what a "developing state" is, in the framework of this paper the term is used to describe countries with less developed economies (taking into consideration GDP figures). While China is considered by some scholars to be a developing state as well, in this paper China will be acknowledged as a newly industrialized country - a socioeconomic classification,

¹ K. I. Woo, "Beijing Consensus: Model for Sustainable Development?," Asia-Pacific Housing Journal, accessed April 11, 2014,

http://www.ghbhomecenter.com/journal/download.php?file=1521Apr11rtOP7d9.50-59_Beijing.pdf. ². "China Leading The Way Towards Social And Economic Change In African Countries", *Newsrecord.Co*, January 27, 2014, accessed December 12, 2014,http://www.newsrecord.co/chinaleading-the-way-towards-social-and-economic-change-in-african-countries/.

describing a state with an economy that has in a macroeconomic sense is far in front of other developing states and is still currently maintaining rapid export-oriented economic growth.³

The "Beijing Consensus" model is enacted with the aim of reaching "a moderately prosperous society", a primarily economic goal with the intention of fostering a well-functioning middle class, but also "provide a sense of social cohesion and purpose" in the entire country. And while this goal has yet to be reached entirely, an enormous progress has been made, which resulted in the increase of employment and overall well-being of people compared to the situation before. Therefore such a model can potentially prove to be a useful example for developing countries to emulate in order to reach the same goals. The model has many layers and aspects, which can be copied and modified to fit the certain circumstances a country finds itself in. However as a whole this model is fit specifically for China, its culture and economic position and as such can prove to be inapplicable entirely in other states. The uniqueness of Chinese conditions makes one question the possibility of successfully adopting the Beijing model in developing states.

"Beijing Consensus" relies heavily on the idea of reaching high economic growth while preserving non-interference in internal affairs of the country and one party rule – a concept advantageous for an authoritarian regime and heavily contradicting democratic standards. Nevertheless several important factors were

³ "Is China the Top Industrialized Country?", *chinausfocus.com*, October 28, 2013, March 27, 2015, www.chinausfocus.com/finance-economy/is-china-the-top-industrialized-country/.

⁴ John Ross, "'Moderately prosperous society' is key goal for China", *China.org.cn*, November 14, 2012, accessed December 10, 2014, http://www.china.org.cn/opinion/2012-11/14/content 27108452.htm.

⁵ Yan Di, "China's Employment Policies and Strategies", *OECD.org*, accessed December 11, 2014, http://www.oecd.org/employment/emp/37865430.pdf.

⁶ Yasheng Huang., "Rethinking the Beijing consensus." *Asia policy 11, no. 1* (2011): 1-26.

present that helped China shape the Beijing Consensus and become one of the largest economies in the world today.

Alain Gresh, French political analyst, concluded that the current period of political transformation and the rise of the Beijing model of development allows states of the "South" (developing countries) to follow a political direction that they choose themselves on their own terms, as well as "find partners, states and businesses not under United States dominance". Fresh relationships such as the Shanghai Cooperation Organization, as well as the China-Africa summit or BRIC are leading the way for developing states for many choices of partnerships and political vectors. States are no longer obliged to follow the rules of the Washington Consensus.

⁷ Alain Gresh, "Understanding the Beijing Consensus", *mondediplo.com*, accessed March 27th, 2015, http://mondediplo.com/2008/11/03beijingconsensus/.

Chapter 1: What is "Beijing Consensus"?

The Chinese economic and political model of development is often referred to as the "Beijing Consensus" which incorporates political and more importantly economic policies adopted by the People's Republic of China beginning from end of the 20th century. In 1976 the death of Mao Zedong, the Communist party chairman, and the end of his rule led to the conclusion of the "Great Leap Forward" - a large-scale economic and social campaign that resulted in the Great Chinese Famine of 1959-1961, as well as the end of the "Cultural Revolution" that fostered a period of political retaliation and social distress. ^{8 9} The end of his administration was followed by Deng Xiaoping's ascension to leadership in 1978, giving start to the period in Chinese history full of significant improvements in politics and economy of the country and is viewed as the time of the inception of the Beijing Consensus. ¹⁰

The Communist Party adopted its current constitution in 1982 and began a new governmental approach to the economy of the country. Moreover the new administration created new economical policies, which saw the former planned economy become a mixed one with an increasingly open market environment under one-party rule - now also sometimes referred to as "Socialism with Chinese characteristics". The focus of the economy was now shifted towards foreign trade, for which Special Economic Zones (e.g. Shenzhen, Xiamen, Shantou, Zhu) were specifically created with the aim of increasing trade, investment, jobs and effective

⁸ Arifa Akbar, "Mao's Great Leap Forward 'killed 45 million in four years", *The Independent*, September 17th 2010, accessed March 27th, 2015, http://www.independent.co.uk/arts-entertainment/books/news/maos-great-leap-forward-killed-45-million-in-four-years-2081630.html.

⁹ J.M., "Time to say sorry", *The Economist*, August 29th 2013, accessed March 27th, 2015, www.economist.com/blogs/analects/2013/08/cultural-revolution.

¹⁰ Joshua Cooper Ramo, "The Beijing Consensus", *London: Foreign Policy Centre*, 2004.

¹¹ Martin Hart-Landsberg, Paul Burkett, "China and socialism: market reforms and class struggle," *Monthly Review* (2004): 26.

administration.¹² Contemporary China is described as having a business economy in light of private property ownership, and is one of the main examples of state capitalism.¹³ The state is still in complete control of the most important aspects of state economy - the "strategic pillars", such as energy production and heavy industries. Meanwhile private enterprises have grown to the point where the number of individually owned businesses and private enterprises exceeded 40.6 million in 2013.¹⁴

After the start of economic liberalization in 1978, by deeply focusing on investment and export, China had of the fastest-growing economies in the world, with the annual average GDP growth increasing from 5.3 percent before 1978 to 10.4 percent in 2010 according to the Congressional Research Service. ¹⁵ In the period between 2007 and 2011 China accounted for as much of global economic growth as all of the G7 states combined. ¹⁶

The country's immense economic success is attributed to its unconventional approach to economic policy, i.e. the Beijing Consensus. Joshua Cooper Ramo, a policy analyst and editor, first introduced the term in his eponymous paper published in 2004. This paper popularized the term "Beijing Consensus" and became a starting point of the discussions about Chinese development strategies, as well as their

¹² Wei Ge, "Special economic zones and the opening of the Chinese economy: Some lessons for economic liberalization." *World Development* 27, no. 7 (1999): 1267-1285.

¹³ Vahan Janjigian, "Communism Is Dead, But State Capitalism Thrives", *Forbes.com*, March 22, 2010, accessed March 27, 2015,

http://www.forbes.com/sites/great speculations/2010/03/22/communism-is-dead-but-state-capitalism-thrives/.

¹⁴ "China has 40.6 million private businesses", *Market Watch*, February 10, 2013, accessed March 27, 2015, http://www.marketwatch.com/story/china-has-406-million-private-businesses-2013-02-10.

¹⁵ Ami Sedghi, "China GDP: how it has changed since 1980", *TheGuardian.com*, March 23, 2012, accessed March 27, 2015, http://www.theguardian.com/news/datablog/2012/mar/23/china-gdp-since-1980

¹⁶ Andrew Walker, "Might China's economy stumble?", *BBC.com*, June 17, 2011, accessed March 27, 2015, www.bbc.com/news/business-13802453.

comparisons with Western policies. Named similarly to the "Washington Consensus" it is obvious that Ramo positioned the Chinese model as an alternative to the Western model promoted by the IMF, World Bank and the United States Department of the Treasury. In his work he described China's "consensus" as a model for a country that desires to be a truly independent developed state free in its political and economic decisions. The model is enacted with the aim of reaching "a moderately prosperous society", a primarily economic goal with the intention of fostering a well-functioning middle class, as well as aiming to "provide a sense of social cohesion and purpose in the developing country".

Yet this term has never been an official label, was never documented as such, and has not been acknowledged by the Chinese government. Moreover it was never a plan actually suggested for other developing countries. ¹⁹ However this has not stopped it from becoming widely accepted as the name of the Chinese strategic plan of development - by media, policy makers and academic writers, which made the increasing popularity of the "Beijing Consensus" even more apparent. Most importantly "Beijing Consensus" came to be known as the key plan in China's path to economic and political development that led to the rapid economic growth in China in the last couple of decades. Moreover this model began to be perceived as an approach challenging the established ideas of contemporary development. As such, many Chinese and international scholars continuously make effort to find the strengths of this model in order to use them in promoting the model outside China, believing it can

¹⁷ Joshua Cooper Ramo., "The Beijing Consensus", London: Foreign Policy Centre, 2004

¹⁸ John Ross, "'Moderately prosperous society' is key goal for China", *China.org.cn*, November 14, 2012, accessed December 10, 2014, http://www.china.org.cn/opinion/2012-11/14/content 27108452.htm.

¹⁹ Chris Colley, "China's reforms at 30 and the "Beijing Consensus", *Pambazuka News*, January 31, 2009, December 12, 2014, http://www.pambazuka.net/en/category/africa_china/53757.

help build and maintain sustainable development in less economically developed states.

Joshua Cooper Ramo distinguished 3 key elements that compose the "Beijing Consensus", which included development based on innovation, sustainability as a measure of economic success and self-determination of the state.²⁰ Thus, one would assume that if enacting these principles helped China shape its now thriving economy, there might be a chance that the same principles might have a positive effect in developing or any other countries.

• Innovation-based development. One of the most important factors that played a crucial role in China's development of the country's economy was their readiness to use innovative tools and tactics in their actions. ²¹ Important proofs of this commitment include China's guidelines on national long-term program for science and technology development to build an innovative state, concluded in the 2006-2012 SciTech Guideline ²². China's great interest and investment in various research and development projects demonstrated their support of initiatives that helped strengthen the country's economic and political situation. This commitment in the recent years has made China one of the most research and development oriented countries, leading to the rapid pace of China's modernization process. ²³ Additionally, China has become a global leader in clean energy technology and other scientific advancements that help promote the

²⁰ Joshua Cooper Ramo, "The Beijing Consensus", London: Foreign Policy Centre, 2004

²¹ "The Beijing Consensus: An alternative approach to development", *World Foresight Forum*, Issue Brief no 02 (2011).

²² "China issues guidelines on sci-tech development program", *The State Council The People's Republic Of China*, February 9th, 2006, accessed February 1, 2015, http://www.gov.cn/english/2006-02/09/content_184426.htm .

²³ Larson, C., " A Peek Into the 'Black Box' of Where China's Hefty R&D Budget Goes", Bloomberg Business, October 1st, 2014, http://www.bloomberg.com/bw/articles/2014-10-01/chinas-163-billion-r-and-d-budget (accessed February 2, 2015)

principle of innovation-based development prominent in the "Beijing Consensus".²⁴

Alternative measurers of economic success. Utilizing financial matters to enhance society and improve the personal satisfaction is the second requirement of the Beijing Consensus.²⁵ China dismissed the idea of primary importance of GDP in conventional evaluations of financial improvement levels, as well as it being the sole parameter of monetary achievement. On the contrary, China's ideal arrangements are "people-centered" 26 and measure economic advancement in overall satisfaction of the Chinese population, its maintainability and equity levels.²⁷ The model suggests that taking into consideration only the GDP levels would neglect China's improvements in other areas, since it does not consider things such as the advancement in the Human Development Index (which increased by 72 percent from 1980 to 2013)²⁸.²⁹ Additionally, GDP per capita on the national level is a false indicator as it varies massively from province to province and therefore cannot create a definitive objective image of the state's economic advancement. The accentuation on practical and impartial financial development lies at the heart of the administration's endeavors to accommodate a socialist administration with an industrialist economy.

²⁴ Shawn Mccarthy, "China at forefront of clean-energy market", *The Globe and Mail*, November 30, 2014, accessed February 2nd, 2015, http://www.theglobeandmail.com/news/world/china-at-forefront-of-clean-energy-market/article21840736/.

²⁵ Joshua Cooper Ramo, "The Beijing Consensus", *London: Foreign Policy Centre*, 2004.

²⁶ John Knight and Ramani Gunatilaka, "Does economic growth raise happiness in China?." *Oxford Development Studies 39*, no. 01 (2011): 1-24.

²⁷ Shiqing Jiang, Ming Lu, and Hiroshi Sato. "Happiness in the dual society of urban China: Hukou identity, horizontal inequality and heterogeneous reference." (2008).

²⁸ "China climbs on human development index", *China Daily*, March 15, 2013, accessed April 2, 2015, http://www.chinadaily.com.cn/china/2013-03/15/content 16312733.htm/

²⁹ "Developing humans", *The Economist*, November 4th, 2010, accessed February 1, 2015, http://www.economist.com/blogs/dailychart/2010/11/human_development_index.

- Self-determination. China underlines the importance of creating conditions in
 which the country can effectively look for freedom of practice and independence
 from outside influences.³⁰ This requirement is composed of three specific
 elements:
 - that unrestricted democratization is not by any means the only way to monetary development and power in the worldwide economy. In his book "The Beijing Consensus" Stephan Halper portrays the "Beijing Consensus" as a type of illiberal state-guided enterprise, in which the economy is ruled by vast state-possessed organizations in segments that are indispensable to the national investments, like energy investments, transportation, heavy industries and public utilities. The political powers then have major influence over the private sector, which acts in a supporting role under the patronage of the government. Such conditions are obviously not in line with the Western model of development, which heavily relies on the classic concept of democratization and the state's non-interference in economy. Even so, the allure of the "Beijing Consensus", including state intervention policies, lies mostly in the accomplishments that were done by the economy of China and the disappointment of the Washington

³⁰ Joshua Cooper Ramo, "The Beijing Consensus", London: Foreign Policy Centre, 2004.

³¹ "The Beijing Consensus: An alternative approach to development", *World Foresight Forum*, Issue Brief no 02 (2011).

³² Unger, Jonathan, and Anita Chan. "China, corporatism, and the East Asian model." *The Australian Journal of Chinese Affairs* (1995): 29-53.

³³ Charles Gore, "The rise and fall of the Washington Consensus as a paradigm for developing countries." *World development 28*, no. 5 (2000): 789-804.

Consensus in many of developing countries which tried to adapt the latter.³⁴

- into the success of the Chinese model was China's position on the international arena in which it acted on its own terms, which Ramo called "practicing globalization with Chinese Characteristics". The government heavily influences China's levels of competitiveness in the international market; to do so the state keeps labor costs low, currency undervalued, and makes heavy financial contributions to strengthen the economy that is heavily reliant on export and has a highly protectionist market. Foreign investment is carefully orchestrated, for example with the creation of export processing zones. 37
- Obevelopment of asymmetric capabilities to balance against the US. Since China has many important state-driven organizations and enormous capital saves, China's safest and easiest way to counter-balance the power of the United States and gain trust from other countries is to use economic diplomacy. As such, building strong relationships with countries where Western powers have dominated the region for a long period of time (and often disappointed too) has become a key strategy in building a strong image of China and creating bilateral relationships that benefit both sides of the deals.

³⁴ Kevin Gallagher, "The end of the 'Washington consensus'", *TheGuardian.com*, March 7, 2011, accessed February 5, 2015, http://www.theguardian.com/commentisfree/cifamerica/2011/mar/07/chinausa.

³⁵ Joshua Cooper Ramo, "The Beijing Consensus", *London: Foreign Policy Centre*, 2004.

³⁶ Zheng Song, Kjetil Storesletten, and Fabrizio Zilibotti. "Growing like china." *The American Economic Review* 101, no. 1 (2011): 196-233.

³⁷ Deborah L. Swenson and Huiya Chen, "Multinational exposure and the quality of new Chinese exports", *Oxford Bulletin of Economics and Statistics*, 76, no. 1 (2014): 41-66.

³⁸ "The Beijing Consensus: An alternative approach to development", *World Foresight Forum*, Issue Brief no 02 (2011).

Political Implications. The Beijing Consensus acted out in China has two significant political implications. First and foremost, the rise of China as a formidable actor is shifting the world's balance of power, which includes undermining the United States' leading position in the international arena. China is using diplomacy and economic cooperation to gain trust from a large number of countries, offering them favorable terms for trade and investment.³⁹ This results in an increasing amount of countries relying on China for political and economic support and cooperation.⁴⁰ This climate is further solidified in *desires and attempts of implementation of the Beijing Consensus in developing states that are obviously looking for alternative methods of development than those proposed by the Western countries.*⁴¹ Additionally, in many cases Chinese support helps states fulfill their desires for sovereignty and self-determination (e.g. Iran was supported by China in its defiance against the US and European sanctions in regards to the Iranian nuclear program).⁴²

Second, China uses Beijing Consensus as a tool to diminish the monopoly of Western influence and its judgment of development and human progress as the primary point of reference for other countries, primarily the developing states.⁴³ In this sense China's resolution to pursuing a unique independent approach can be argued is the main cause of the economic success that China has achieved. Keeping

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³⁹ Bates Gill, "Rising star: China's new security diplomacy", *Brookings Institution Press*, 2010.

⁴⁰ "China pledges more help to other developing countries", *People.cn*, November 4, 2011, accessed April 2, 2015, http://en.people.cn/90883/7635573.html.

⁴¹ Stefan A. Halper, "The Beijing consensus: how China's authoritarian model will dominate the twenty-first century", *Basic Books*, 2010.

⁴² Richard Weitz, "Why China and Russia Help Iran", *The Diplomat*, November 19, 2011, April 2, 2015, http://thediplomat.com/2011/11/why-china-and-russia-help-iran/.

⁴³ Randall L. Schweller, and Xiaoyu Pu. "After unipolarity: China's visions of international order in an era of US decline." *International Security 36*, no. 1 (2011): 41-72.

their political system stable, China has become proof of the fact that economic development and democratization are not directly linked with each other.⁴⁴

Economic Implications. Through economic deals and diplomacy China has fostered an environment which made supporting Chinese economy a priority of many other states, including developing countries. ⁴⁵ On the other hand, Chinese government's extensive involvement in the economic sphere of the country is making others fearful of China using their economic influence in international relations for political gain. ⁴⁶ This leads to countries being more strategic in overseeing their economies, as well as using protectionist methods and making investments in domestic industries, some with the aim of replicating China's success, while others out of fear of China having dominating influence on weaker states. ⁴⁷ Overall, economic crises and China's successful economic outcomes are prompting states to reexamine the rules they follow, making Beijing Consensus' allowed state interference and protectionist measures more appealing than the unsuccessful Western models that defy such measures.

The New Approach. The New York Times published an article in which it states that the general attitude in the 2011 World Economic Forum towards the Beijing model was mostly composed of concerns about the model challenging Western democratic capitalism, as well as somehow dismissing the commitment to the rule of law. ⁴⁸ On top of strengthening China's power and helping developing nations, the success of the Beijing Consensus has made an impression that China is

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⁴⁴ Ibid

⁴⁵ "The Beijing Consensus: An alternative approach to development", *World Foresight Forum*, Issue Brief no 02 (2011).

⁴⁶ Ibid

⁴⁷ Shaun Breslin, "The 'China model' and the global crisis: from Friedrich List to a Chinese mode of governance?." *International Affairs* 87, no. 6 (2011): 1323-1343.

⁴⁸ Katrin Bennhold, "What Is the Beijing Consensus?", *The New York Times*, January 28, 2011, accessed March 28, 2015, dealbook.nytimes.com/2011/01/28/what-is-the-beijing-consensus/.

now a threat to democracies with liberal markets, which is in itself a counterproductive attitude. China's rise has placed the country in a position where international relations are heavily affected by cooperation or lack of it with China. All Rather than treating these new international conditions as a game of "East versus West", taking the Beijing Consensus into consideration and seeing which parts can be applied in developing and advanced countries would be beneficial on state, interstate and global levels.

What is important to realize is that the way the Chinese model is promoted is not only by setting an example, but also by economic deals and cooperation, as well as promotion of policies in a way that makes them seem beneficial for the development of state economics. Although the Chinese government may not have openly admitted the existence of the Beijing Consensus and the strict strategic model that they follow, the country still pursues direct and indirect advocacy of implementation of conditions under the Beijing model through economic cooperation and support. The question remains whether these policies can build sustainable growth in actuality or whether the Beijing Consensus is ineffective outside China.

⁴⁹ G. John Ikenberry, "The rise of China and the future of the West: can the liberal system survive?" *Foreign affairs* (2008): 23-37.

Chapter 2: Application of the Beijing Consensus in developing countries. Africa, South America and Central Asia

2.1. China in Latin America

On January 8th at the forum of China and Latin American and Caribbean States (CELAC) the President of China has promised that Chinese government will make an investment of 250 billion US dollars in Latin America throughout the next 10 years in an effort to strengthen their presence in the region, which was long dominated by the United States. Additionally, he stated that the amount of bilateral trade can rise to make up to 500 billion US dollars in that span of time. Such a huge investment and commitment cannot be a sign of anything else but China's great interest in the region. However, with the economic growth of the Latin American region to reach 2.5-3 percent, while China is expected to reach more than double of that (7 percent) with its already flourishing economy, these investments are of Latin America's interests too.

In 2010 the amount of Chinese investment in the region has exceeded the amount that the World Bank, International Monetary Fund and US Export-Import Bank have invested combined.⁵⁴ These investments prevalently go to the energy sector and the infrastructure.⁵⁵ However, in comparison with American investments in the region, Chinese deals operate on the basis of "few strings attached", with seemingly no ulterior motivations or hidden traps. However, because they are often

⁵⁰ "China to boost investment in Latin America to \$250bn within decade", *RT.com*, January 8, 2015, accessed April 2, 2015, http://rt.com/business/220791-china-latin-america-investment/.

⁵² OECD/CAF/ECLAC (2014), *Latin American Economic Outlook 2015: Education, Skills and Innovation for Development*, OECD Publishing, Paris. DOI: http://dx.doi.org/10.1787/leo-2015-en ⁵³ "China - Economic forecast summary", *OECD*, 2014, www.oecd.org/economy/china-economic-forecast-summary.htm

⁵⁴ Taotao Chen, and Miguel Pérez Ludeña, "Chinese foreign direct investment in Latin America and the Caribbean: China-Latin America cross-council taskforce. Working document." (2013).

⁵⁵ Friedrich Wu, and Koh De Wei. "From Financial Assets to Financial Statecraft: the case of China and emerging economies of Africa and Latin America." *Journal of Contemporary China 23*, no. 89 (2014): 781-803.

seen as generous pledges to state economics, they create political and environmental risks, as some argue that such investments will result in receiving countries inevitably falling under the patronage of China, as well as environmental repercussions that seem to be one of the prevalent outcomes of Chinese industrialization. Moreover, after being under the American patronage for many decades, it is understandable that the principles under which China operates would raise initial concern within Latin American governments, especially because of limitation of democratic freedoms in China and non-transparency of financial loans (official documents are hard to find in contrast to Western means of transparency). ⁵⁶

Chinese model of development is praised in Latin America since it believes in soft power and multipolarity and significantly values self-determination, as opposed to ideals forced by the United States, which included military intervention, political interference and unipolarity. ⁵⁷ China gave huge development loans to many states in Latin America, thus confirming its long-term commitment. ⁵⁸ In 2009 China even became the largest trading partner for Brazil, moving the United States to second place. ⁵⁹

The principles of the Beijing Consensus can also be witnessed in action in the transfer of technology and incorporated approach for development that China acted out in Latin American states, i.e. the principle of "innovation-based development". Being highly technologically advanced in their own market, Chinese government is investing to train Latin American workers and managers to improve their techniques

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⁵⁶ Alex E. Fernández Jilberto and Barbara Hogenboom "Latin America facing China: South-south relations beyond the Washington consensus", Vol. 98. *Berghahn Books*, 2012.

⁵⁷ Antonio Castillo, "Latin America welcomes 'Beijing Consensus'", *China Daily*, March 19, 2010, April 2, 2015, http://usa.chinadaily.com.cn/2010-03/19/content_11016999.htm.

⁵⁸ "China's loans to Latin America 'rose to \$22bn in 2014"", *BBC.com*, February 26, 2015, accessed April 2, 2015 http://www.bbc.com/news/world-latin-america-31639768.

⁵⁹ Malcolm Moore, "China overtakes the US as Brazil's largest trading partner," *The Telegraph*, May 9, 2009, accessed March 20, 2015, http://www.telegraph.co.uk/finance/economics/5296515/China-overtakes-the-US-as-Brazils-largest-trading-partner.html.

and technologies for more effective production of goods and, more importantly, extraction and exploitation of natural resources.⁶⁰ This was unseen in the partnership with the United States, which in contrast did not leave any valuable experience for local workers to make sufficient use of in the future; while China, on the other hand, is ready to offer their experience to public and private enterprises for the development of infrastructure and technology.⁶¹

Latin American countries of course would like to distance themselves from American imperialism, especially since the Washington Consensus proved to be particularly ineffective in this region. Finding a new trustworthy partner in China, which provides terms more than favorable for the Latin American region, might prove to be an effective way to support the development of regional economies. China stays moderate and pragmatic and seems to pose no threat to the sovereignty and self-determination of states. With conditions like this, independence from outside influence does not seem that far of a stretch, and the key element of "self-determination" described by Ramo may become reality for the resource-rich Latin American region.

2.2. China in Africa

In order to be relevant on the global economic market, as well as be able to overcome overwhelming poverty, it is crucial for African states to reexamine their strategies of development. Sadly, implementation of policies that were recommended by the World Bank and International Monetary Fund have not resulted in any

⁶⁰ "Achievements in China-Latin America cooperation", *China Daily*, January 8, 2015, accessed March 29, 2015, http://usa.chinadaily.com.cn/world/2015-01/08/content_19274181.htm.

⁶¹Alex E. Fernández Jilberto, and Barbara Hogenboom, eds. Latin America facing China: South-south relations beyond the Washington consensus. Vol. 98. *Berghahn Books*, 2012.

⁶² Ibid.63 Ibid.

significant progress, with the African share in the global trade still very small.⁶⁴ As such, the lack of economic progress in African countries makes one question the presumed effectiveness of development models proposed by international institutions and other states. While the western Washington Consensus through IMF and the World bank advocated free trade, privatization of state owned enterprises and deregulation of foreign direct investment (FDI), this model has turned out to be quite ineffective, since the results were insignificant and growth was unable to be sustained ⁶⁵

However, this does not necessarily mean that Beijing Consensus, often seen as the direct opposite of the Washington Consensus, can deliver sustained growth to the African continent.

On one hand, though China's economic power is undoubtedly big, per capita indicators rate China as a poor country still, thus seemingly making Chinese aid projects (most of which have bilateral benefits) mutually advantageous to the economic interests of both parties. ⁶⁶ This helps Chinese deals evade the stigma of "donor-supplicant relationship". ⁶⁷ Infrastructure of more than 35 countries in Africa is being in some way financed by China. In fact, China has committed as much as 7 billion US dollars in 2006, i.e. China's proclaimed "Year of Africa". ⁶⁸ – an initiative to build friendly productive relationships with African states.

But it is important to understand that China's steps into setting these arrangements are attached to China's commercial interests in natural resources and

⁶⁴ United Nations Economic And Social Council,. Report On International And Intra-African Trade. Addis Ababa, Ethiopia: N.p., 2015.

http://www.uneca.org/sites/default/files/page_attachments/report_on_international_and_intra-african_trade.pdf. 26 April 2015.

⁶⁵ Trevor A. Manuel, "Africa And The Washington Consensus: Finding the Right Path." (2003).

⁶⁶ Ronald I. McKinnon, "China in Africa: the Washington consensus versus the Beijing consensus." *International Finance* 13, no. 3 (2010): 495-506.

⁶⁸ "The Year of Africa in Review", *World Economic Forum on Africa*, 2006, accessed April 3, 2015, http://www.weforum.org/pdf/SummitReports/africa2006/review.htm.

other profitable terms. Williamson describes the Chinese model as a tool for protecting China's self-interest as opposed to genuine interest in the developmental progress in Africa. ⁶⁹ For example, in 2004 the Chinese government granted a long-term non-concessional loan of 2 billion US dollars to Angola, but with conditions that 70 percent of the loan would be awarded to Chinese companies and China would import 10 thousand barrels of oil daily. ⁷⁰ Obviously such specifications make one doubt the clear intentions of China in Africa, as well as the proposed Chinese model.

An objective look at African conditions shows that more than adapting the Beijing model there is a need to create a new strategy for development that would be suitable for local countries. What needs to be prioritized in their model is extraction and effective management of the continent's enormous resources, in a way which will make African states be more valuable in international relations and global economy. To do so, one might think an extensive government intervention is needed (like implied in the Beijing Consensus). However, the desire of populations in African states for fair government and democratization can undermine effective implementation of this strategy, keeping the Chinese model of development from being effective in the long run. ⁷¹ As such, state-controlled economy in the primary stages of economic development might be followed by free market policies to promote further economic growth. Because China mostly deals with governments in foreign countries, rather than smaller units – private businesses, NGOs and so on, it exacerbates many of the problems already inherent in those countries. What indisputably needs to be present tis operative balance of natural resource management, regional market size and human resource development - a kind of

John Williamson, "Is the" Beijing Consensus" Now Dominant?." Asia Policy 13, no. 1 (2012): 1-16.
 Claude Kabemba, "Chinese involvement in Angola", Open Society Initiative For Southern Africa,
 October 4th, 2012, accessed April 3, 2015, http://www.osisa.org/books/regional/chinese-involvement-

angola. ⁷¹ Harvey Glickman, "Ethnic conflict and democratization in Africa." (1995).

balance that can survive in the realities of contemporary African states and not dismiss local cultures and conditions. A successful strategy would include a framework of policies that make use of the competitive regional trade, development of infrastructure and well-working management.

2.3. China in Central Asia

Shanghai Cooperation Organization (SCO), established in 1996, has made huge progress through its political, economic and security cooperation within the members of the organization. Such great development showcases a great challenge to the normalized Western ideals of political and economic development. A theory of dictatorial peace suggests that the factor that leads to stable interstate relations is the actual shared preferences among member states. Therefore successful cooperation is not only restricted to democratic states, but to other types of government as well, including those in the Shanghai Cooperation Organization (i.e. Chinese, Uzbek, Kazakh, Russian administrations), the success of which supports the idea of "autocratic peace". This consequently makes authoritarianism a legitimate form of government, making it a competent alternative to the established Western norms.

The ideology of the Shanghai Cooperation Organization is based on the concepts of the "Shanghai Spirit" and, more importantly, the "Beijing Consensus". The essence of the "Shanghai Spirit" consists of "mutual trust, mutual benefit,

⁷² Shannon Tiezzi, "The New, Improved Shanghai Cooperation Organization", *The Diplomat*, September 13, 2014, accessed April 3, 2015, http://thediplomat.com/2014/09/the-new-improved-shanghai-cooperation-organization/.

⁷³ Mark Peceny, Caroline C. Beer, and Shannon Sanchez-Terry. "Dictatorial peace?." *American Political Science Review* 96, no. 01 (2002): 15-26.

⁷⁴ Andy Yee, "Autocratic peace and the Shanghai Cooperation Organization", *East Asia Forum*, May 11, 2011, accessed April 3, 2015, http://www.eastasiaforum.org/2011/05/11/autocratic-peace-and-the-shanghai-cooperation-organisation/.

⁷⁵ Thomas Ambrosio, "Catching the 'Shanghai spirit': how the Shanghai Cooperation Organization promotes authoritarian norms in Central Asia." *Europe-Asia Studies* 60, no. 8 (2008): 1321-1344.
⁷⁶ Yang Jiechi, "Strengthen 'Shanghai Spirit'", *China Daily*, June 15, 2011, accessed April 3, 2015, http://www.chinadaily.com.cn/opinion/2011-06/15/content 12698267.htm.

equality, consultation, respect for diverse civilizations and seeking common development."⁷⁷ The "Beijing Consensus" allows state governments to have heavy influence on their economies and promote economic development "without any political conditions", including the implementation of democratization policies.⁷⁸

However, it is also apparent that self-preservation, rather than Beijing Consensus prescribed self-determination, comes first for the countries of SCO, mainly due to the constant state of desire for stability and the fear of people's uprisings, due to single-party regimes and dictatorships. The pressure put on the Central Asian countries as an important geopolitical area is also one of the obstacles that can prevent local governments from following Chinese suggestions for development. Although independent, multivectoral countries such as Kyrgyzstan and Kazakhstan are still heavily reliant on political and economic ties with Russia. Moreover, Tajikistan and Kyrgyzstan are highly dependent on the remittances that they receive from the Russian Federation. Tajikistan received 3.595 billion US dollars in migrant remittances in 2012, or 48 percent of its GDP. And although the relationship between Central Asian countries and Russia are officially stated as bilateral relationships built on mutual cooperation (e.g. the SCO), the dominance and influential power of the Russian Federation is considerable and significant. Furthermore, while China's support in other regions offers partnering states "no strings attached" deals, Russia's plan on building the Eurasian Union, with Kazakhstan and de facto Kyrgyzstan being member-states, the principle of self-determination underlined in the Beijing Consensus becomes virtually impossible to follow.

⁷⁷ Ibid.

⁷⁸ Andy Yee, "Autocratic peace and the Shanghai Cooperation Organization", *East Asia Forum*, May 11, 2011, accessed April 3, 2015, http://www.eastasiaforum.org/2011/05/11/autocratic-peace-and-the-shanghai-cooperation-organisation/.

Additionally, the Silk Road program involving Central Asian, South Asian, and Southeast Asian countries is a manifestation of China's diplomatic ambitions in Central Asia. This strategy entails open networks in the region through trade, infrastructure and transportation initiatives sponsored by China. This program was designed out of China's desire to develop the Western parts of China attached to countries like Kazakhstan, Kyrgyzstan and Tajikistan. It is aimed to increase regional economic expansion while having a distinct strategic purpose. The strategy includes creating a "China-centric albeit still open, Asian order."

Deng, Yong. "China: The Post-Responsible Power", *The George Washington University*, January 26, 2015, accessed April 4, 2015, http://twq.elliott.gwu.edu/china-post-responsible-power.
 Ibid.

Chapter 3. The Inapplicability of the Chinese Model

3.1. Chinese characteristics.

Many Chinese scholars place the Washington and Beijing models on the opposite sides in comparisons, with the Western model, comprising of free market economy, as well as liberal democratic policies, and the Chinese model being completely unalike. They view the Western Model focusing primarily on liberalization of economy, as well as the country's democratization. At the same time they argue that the development of the state's economy can be achieved without these two conditions. A proof of this is the Chinese rapid success in following a different approach and different policies, a fact that, the Chinese argue, makes advocates of the Western approach feel intimidated by the growing power of China.

The Beijing Consensus also depends on two very important elements of the Chinese society that cannot be dismissed – people's patriotism and firm leadership. Fang Ning, Chinese political scientist, argued that the two key components of the Beijing Consensus are: 1) the protection of people's entitlement to happiness, which strengthens people's desire to make an input into the country's success; and 2) power centralization, which allows to make effective decisions and improves the process of resource allocation to achieve goals in a more efficient way. ⁸² Many view this as having a similar approach described by the Marxist theory. ⁸³ The Chinese education system and state-controlled media were deeply involved in the spread of nationalist and patriotic ideologies. ⁸⁴ In the early 1990s these measures were taken to diminish

⁸¹ Zhiqun Zhu, ed. *The People's Republic of China Today: Internal and External Challenges*. World Scientific, 2011.

⁸² W. Xiaodong, Ning, F., & Qiang, S. (1999). Quanqiuhua yinxiang xiade Zhongguo zhi lü (China's Road under the Shadow of Globalization). *Beijing, China: Shehui Kexue Chubanshe*.

⁸³ Wang Lianbin, "Promoting the Popularization of Contemporary China's Marxism [J]." *Journal of PLA Nanjing Institute of Politics* 1 (2008): 007.

⁸⁴ François Godement, "Issues behind China's coming succession: nationalism, economics and judicial reform," European Union. Institute for Security Studies, October 1, 2012, accessed April 3, 2015,

attempts of democratization and spread of Western influence within the Chinese society. 85 As such, the mentality of the Chinese population has remained immensely patriotic within all age groups. This in turn has contributed to the national economy, as people were ready to give all of their energy in order to make an input to development of their homeland. The CCP of China sees the Beijing Consensus and its accomplishments as a tool of strengthening the sense of pride throughout the Chinese population, making people more enthusiastic about the work that they are supposed to do as well as maintaining the validity of the government. Chinese scholars argue that the model is a new approach towards economic development that is not based on damaging other countries' political and economic spheres in exchange for securing one country's own interests.86

In his article "The deeper meaning of the China model and its global significance" Hu Wei sees certain theories prevalent in the Western way of thinking, in which Westerners assure the readers that the Beijing Consensus supplies China with a strong economic development, but a deteriorating state of politics, which is seen as a barrier for further economic growth. 87 However, he goes on to dismiss such assumptions by pointing out that China is a strong country that persevered in the globalization process against the challenges of the West and managed to place itself as the second economy in the world, while pursuing a form of political governance different from the Western ideals. 88 The Beijing Consensus is described as a unique

http://www.iss.europa.eu/publications/detail/article/issues-behind-chinas-coming-successionnationalism-economics-and-judicial-reform/.

⁸⁵ Ibid.

⁸⁶ Yawei Liu, "The Rise of China and Its Consequences", *The China Program*, The Carter Center APSA Preconference 2011 Panel Proposal

⁸⁷ Hu Wei, "Zhongguo moshi de shenceng hanyi yu shijie yiyi" [The deeper meaning of the China model and its global significance], Jiefang Ribao [Lieberation Daily], September 26, 2009. 88 Ibid.

multi-dimensional model that has its own distinctive ideas of political and economic systems.

Reviewing Chinese strategies shows that the country maintained stable growth of their development through import tariffs, quantitative restrictions, export subsidies, as well as enormous support of the manufacturing sector. ⁸⁹ State intervention in the economics was extensive in order to efficiently manage the financial sector and effectively administer resources to prioritized sectors. ⁹⁰ The government adopted economic reforms gradually, which helped balance out the social division of labor and the growth of the national economy. ⁹¹ Moreover, extensive support of education provided the country with increasing amount of ready workers to promote national development. China laid a path of development through agriculture to manufacturing, followed by the service sector. ⁹² Overall Chinese policies "were embedded in incremental reforms, innovations and experimentation, export-led growth, state capitalism and authoritarianism". ⁹³

As such there's a sense of fear that Chinese scholar Zheng Yongnian detects among the Western world in regards to the Chinese model.⁹⁴ The rise of China as a formidable economic and political player was different from any other country in Europe or in the world, and as such it showed that Western ideals and principles can be successfully challenged. Consequently this makes Westerners afraid that the

⁸⁹ Zhiqun Zhu, ed. The People's Republic of China Today: Internal and External Challenges. World Scientific, 2011.

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² Zhiqun Zhu, ed. The People's Republic of China Today: Internal and External Challenges. World Scientific, 2011.

⁹³ Sanusi Lamido Sanusi, "Neither the Washington nor Beijing Consensus – developmental models to fit African realities and cultures", *bis.org*, 27 March 2012, accessed April 4, 2015, http://www.bis.org/review/r120417d.pdf.

⁹⁴ Yongnian Zheng, "Will China become democratic?: Elite, class and regime transition." *Marshall Cavendish Academic*, 2004.

standards posed by them will be replaced and their area of influence decreased. ⁹⁵
Additionally, the expansion of China's influence is taking place in a manner different than that of America.

3.2. Beijing Consensus versus Washington Consensus

The downfall of the Washington Consensus began in 1997 with the Asian Financial Crisis, which saw countries that followed the Western model of development suffer the most, while those that did not have come out better. For example, Indonesia, which faithfully followed the principles of the Washington Consensus, stumbled upon a large number of problems, including social hardships and unimproved economic sphere. In contrast, Malaysia, the government of which rejected prescriptions from the IMF and used capital control measures, faced less economic implications than other countries after the crisis.

Of course even more impact was done by the Global Financial Crisis of 2007-2008, when the reputation of the Western model was severely damaged. ⁹⁹ The fact that this crisis, which heavily impacted the entire international world, originated in the United States showcased the inherent flaws present in the American system, making the Washington model of development and its principles lose any credibility. ¹⁰⁰ Additionally it showed that the United States government had not "practiced what they preached" itself, with a substantial portion of the US auto industry nationalized

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⁹⁵ Ibid.

⁹⁶ Dani Rodrik, "Goodbye Washington consensus, hello Washington confusion? A review of the World Bank's economic growth in the 1990s: learning from a decade of reform." *Journal of Economic literature* 44, no. 4 (2006): 973-987.

⁹⁷ Todd Mitton, "A cross-firm analysis of the impact of corporate governance on the East Asian financial crisis." *Journal of financial economics* 64, no. 2 (2002): 215-241.

⁹⁹ Nancy Birdsall and Francis Fukuyama. "Post-Washington Consensus-Development after the Crisis, The." Foreign Aff. 90 (2011): 45.
¹⁰⁰ Ibid.

amid the Global Financial Crisis, and extensive money related establishments receiving multi-billion dollar government aid - totally negating principles of the Washington Consensus.¹⁰¹

While the Chinese model is used to describe the methods that were used to reach China's economic successes in the past, the Western model is used to plan forward the strategies of economic reformation and political development. The Beijing Consensus is experiences shared by a developing country, while the Washington Consensus shows practices of a developed superpower. ¹⁰²

3.3. Uniqueness of China

Around the same time the ascension of China's economy took place, with the Beijing Consensus gathering more attention. On the one hand, it would be irresponsible to overlook the practice of a nation which has supplied millions of unemployed citizens with work and made economic progress in a pace more rapid than any other country ever did.

On the other hand, it is important to realize that any endeavors to copy China's example of progress need a reality check first of all. The basic truth is that many aspects of China's progress were exceptional and unique, and will oppose endeavors of replication. For example, China had the capacity for its strategy to succeed to an extensive degree due to the overwhelmingly expansive size of its market and available labor forces. The capability of the Chinese market exceeded the expectations of the entire world. The tempting appeal of the "China business" supplied the Chinese

January 17 (2006).

 ¹⁰¹ Fred Moseley, "The US Economic Crisis: Causes and Solution." *Mount Holyoke*, 2008.
 ¹⁰² Arif Dirlik, "Beijing Consensus: Beijing 'Gongshi.'Who Recognizes Whom and to What End?."
 Position Paper, *Globalization and Autonomy Online Compendium* (http://www. globalautonomy. ca),

government with increasing amount of influence - which they efficiently utilized, on issues such as technological exchange and local production facilities.

What also benefited Chinese progress was good timing. China became an important part of the global economic market when it became a member of the World Trade Organization in 2001; at the same time the US consumerism was at its highest, allowing China to provide an enhanced market access. ¹⁰³

Ultimately, the most important role that the Beijing Consensus played was not the replacement of the Washington Consensus, but rather contribution to the new era of economics, international politics and diplomacy, one where states have more flexibility and freedom to act in accordance to their own requirements and necessities, thus creating their own versions of sustainable development models.

3.4 Beijing Consensus in action

Although the Chinese model has become highly popular in the recent decades, it is still a competitor to other models, such as the Washington Consensus - but certainly not a successor. Naming it a successor would indicate that the model has become a definitive replacement to other flawed strategies. However, Beijing Consensus also has serious flaws that people proposing it for other states often forget to stress upon. One of the biggest of course is corruption, a deficiency of high state power centralization. China's "dual track economy" that includes market and state driven activities made it highly possible for corruption to take place between private entrepreneurs, state enterprises and local officials. 104 Additionally, the level of

¹⁰³ Ibid

¹⁰⁴ Yukon Huang, "Arresting Corruption in China," The Diplomat, March 30, 2015, accessed April 10, 2015, http://thediplomat.com/2015/03/arresting-corruption-in-china/.

pollution in China one of the worst in the world¹⁰⁵, due to high industrialization rates and government involvement in such projects. Moreover, there is an absence of democracy and lack of corporate accountability, or the "duty to refrain from harm caused to the environment, individuals or communities, and sometimes also positive duties to protect society and the environment, for example protecting human rights of workers and communities affected by business activities".¹⁰⁶ These factors can all be traced back to the essence of the Beijing Consensus and as such make one question whether other states are ready for such impacts in their smaller economies.

The most prominent reason for these negative consequences is high government intervention; its legitimization cannot ensure the state with economic success. Rather, it can potentially bring chaos into state policies as well as inefficiency and corruption. In Tajikistan, for example, where the state already has an administration like this, "the system of bribes, practices of cronyism, and high spheres of influence of different government agencies already have led to high state and economy inefficiencies". Therefore, although some states and people are seemingly ready to have an autocratic government if it can ensure economic success, such commitments will most likely result in severe corruption and inefficiency. Moreover, the Beijing Consensus model ultimately creates economically strong authoritarian states hostile to American values, which include democracy and free market. Even though the Washington Consensus was deemed ineffective, complete lack of democracy is basis for a system of oppression to take place.

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¹⁰⁵ "Most China cities fail to meet air quality standards," *BBC.com*, February 3, 2015, accessed April 10, 2015, www.bbc.com/news/world-asia-china-31110408.

¹⁰⁶ "What Is Corporate Accountability?," *corporateaccountabilityresearch.net*, accessed April 10, 2015, corporateaccountabilityresearch.net/files/2011/09/What-is-corporate-accountability.pdf.

Oleg Salimov, "Tajikistan's Government Enraged by Corruption Allegations," cacianalyst.org, August 6, 2014, accessed April 10, 2015, http://www.cacianalyst.org/publications/field-reports/item/13017-tajikistans-government-enraged-by-corruption-allegations.html.

What attracts policymakers and analysts to the Beijing model is the volume of the economic development that took place in a relatively short amount of time. But this large-scale rapid economic enlargement came with human and environmental deterioration, with issues such as the global warming taking more effect due China being the largest polluter in the world. Moreover, China has one of the world's most uneven riches circulations and an expansive gap in the middle of urban and rural improvement levels. Things such as unfair trials, prosecution of people for their beliefs, denial of worker's rights and even torture are still common in contemporary China. These negative characteristics are often overlooked when considering the Beijing Consensus, and as such do not give a distinctive clear picture of the model and its full consequences.

3.5 "Beijing Consensus" - an idea rather than a model

The vice-president of the CCP Central Bureau of Translation, Yu Keping, believes that the Beijing Consensus is not a completed model of development. Due to their economic success taking place only recently, China is still in search to find new methods of keeping the country's successes sustained. Additionally, China's circumstances were so unique that it is hard to predict that the policies and principles could be successfully applied to other states. Some Chinese officials even think that it

¹⁰⁸ "Climate change: China official warns of 'huge impact'", *BBC.com*, March 22, 2015, accessed March 29, 2015, http://www.bbc.com/news/world-asia-china-32006972.

¹⁰⁹ "The rural-urban divide: Ending apartheid", The Economist, April 19, 2014, accessed February 1, 2015http://www.economist.com/news/special-report/21600798-chinas-reforms-work-its-citizens-have-be-made-more-equal-ending-apartheid.

Andy Bloxham, "China and human rights: the biggest issues", *The Telegraph*, November 10, 2010, accessed March 28, 2015, www.telegraph.co.uk/news/worldnews/asia/china/8120117/China-and-human-rights-the-biggest-issues.html.

¹¹¹ Arif Dirlik, "Beijing Consensus: Beijing 'Gongshi.' Who Recognizes Whom and to What End?." Position Paper, *Globalization and Autonomy Online Compendium* (http://www. globalautonomy. ca), January 17 (2006).

is ironic that Chinese scholars try to spread the model outside of China when the country itself denies universality of any model for development.¹¹²

Of course, China already has some experience in this area, with their attempts to adopt policies and methods from the Soviet Union, which were unsuccessful. However, comparing the Chinese and Soviet reforms it is noticeable that the Soviet Union began with the political side of the country, while China prioritized the economy of the country. Though China is still technically in the development process, it still has a dominating one-party administration, as well as territorial integrity and rapid economic growth rates. As such, the model can provide a good framework for developing countries to put off political development in favor of economic growth.

In its essence, the Beijing Consensus provides an effective system without checks and balances for an all-controlling one party administration that has the power to freely manage state resources and influence private enterprises without thinking about human or environmental repercussions. ¹¹⁴ Not many governments can safely practice such a system in their own states under their own unique conditions. In many cases, the people will not be satisfied with a dominating autocratic government, or at least in the beginning stages, especially in countries that are closely inspected by the international community at all times. Moreover, there is no guarantee that effective officials can actually take place in the administration of the country to manage state resources in favor of economic growth.

Although it was established that the Chinese model is unique, it is still a competitor to the Washington consensus, but definitely not a successor. Countries that have adopted it have come to various level of successes. The Beijing Consensus is

¹¹² Ibid.

¹¹³ Ibid.

¹¹⁴ Ibid

popular with countries like Venezuela, Russia and other resource rich countries that have seen their countries ravaged by neo-liberal policies. But it is also hugely inefficient and prone to corruption due to the state focus, which in turn accentuates the state-related problems these countries already suffer from. As such many weaker states may actually take some damage from adapting the model principles.

In broad terms ,Chinese aid, investments and trade represent the Beijing Consensus. Many describe the expansion of area of influence when discussing the consensus. As such it seems that there is a lack of one real definition or understanding of the "Beijing Consensus". In contrast with the Washington Consensus, which developed a ten-point policy plan, the Beijing Consensus is interpreted in many different ways, with many scholars, starting with Ramo, attempting to clear the meaning behind the model, which is not even an official strategy.

The problem with the Chinese model is that there is no clear framework of policies or specific guidelines. The vagueness of the suggested principles makes it difficult to see how they can be applied in other states. Arif Dirlik, a specialist in Chinese history, in his paper "Beijing Consensus: Beijing "Gongshi. Who Recognizes whom and to What End" states that the model "is a notion, rather than a concept or an idea, as there is no coherence that we associate with either of those terms." Such uncertainty and ambiguity make the "Beijing Consensus" difficult to apply as an alternative model for developing states. On the other hand, the ambiguity about the model can also be considered the reason for its popularity, as it is less rigid than the Washington Consensus. This is also a two-sided aspect of the model: if a state does not have the right conditions for the model, a small inefficient authoritarian state becomes even more inefficient, while corruption and economic deficiency increase

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¹¹⁵ Ibid

(e.g. Tajikistan); meanwhile states rich with natural resources had successes with mixing private and state sector economy (i.e. Kazakhstan) and large population countries have had relative success with state capitalism (i.e. Malaysia). Thus, rather than a distinguishable template for development, The Beijing Consensus is more a "trial and error" model that essentially operates on adopting successful policies and discarding all the failed ones.

Aside from these criticisms, two arguments are apparent when evaluating the relevance of the Beijing model to developing states as an option. On one hand, the "Beijing Consensus" is constrained by China's own particular remarkable experience (socialism, largest population in the world, unique social norms and Confucian traditions, and a strong national identity), making the model almost exceptionally Chinese. On the other hand, it is considered to be an advantageous foundation for distinguishing a method of advancement that is free from the acknowledged normalized Western model ideals, therefore giving developing states an opportunity to strengthen their voice on the international arena.

To this end, political analysts contend that the Beijing Consensus is not really a "consensus" in the same way that Washington model is. 117 More precisely, it is a mindset of global politics that is "contrarian" – "an alternative to the current dominant ideology" 118. While Breslin28 battles that, as a "disappointed capable Great Power." China has been spoken to by its elites as a power for dependable yet reasonable change to the worldwide circulation of force that ought to result in a more prominent voice and part for creating states. Notwithstanding his test to the Beijing Consensus as a "model" or an "accord."

¹¹⁶ Yasheng Huang, "Debating China's economic growth: The Beijing consensus or the Washington consensus." *The Academy of Management Perspectives* 24, no. 2 (2010): 31-47.

Dustin R. Turin, "China and the beijing consensus: an alternative model for development." *Student Pulse Academic Journal* 2, no. 1 (2010).

¹¹⁸ Amrita Jash, "II Book Review: On China." *China Report* 50, no. 2 (2014): 164-166.

Dirlik too perceives the significance of the Beijing Consensus and states that:

"The most important aspect of the Beijing Consensus may be an approach to global relationships that seeks, in multinational relationships, a new global order founded on economic relationships, but which also recognizes political and cultural difference as well as differences in regional and national practices within a common global framework. This global order would also be founded, not upon homogenizing universalisms that inevitably lead to hegemonism, but on a simultaneous recognition of commonality and difference. Deng Xiaoping's reforms beginning in the 1980s gave priority to economic intercourse over political correctness. [...] A century of revolutionary socialist search for autonomy, bolstered by recent economic success, qualifies the PRC eminently to provide leadership in the formation of an alternative global order."

Subsequently, the accord on the "Beijing Consensus" is really vague and dubious, as there is no widely accepted specific comprehension of what it implies and whether it infers uniqueness or not. It has a multidimensional interpretation, consequently deficient with regards to its applicability. However, taking into consideration all the ways in which China has paved the way for their economic success, proposing a model that incorporates these methods in a "one-size fits all" model make it likely to be unsustainable and ultimately useless.

¹¹⁹ Arif Dirlik, "Beijing Consensus: Beijing 'Gongshi.'Who Recognizes Whom and to What End?." *Position Paper, Globalization and Autonomy Online Compendium* (http://www. globalautonomy. ca), January 17 (2006).

Conclusion

On top of promoting principle of self-determination and specific government-intervention oriented policies, the Beijing Consensus is also spread with economic deals, aids, investments and economic partnerships. With the absence of an official declaration of the existence of this model by the Chinese officials, through economic cooperation and support the country still directly and indirectly advocates implementation of conditions under the Beijing model, especially by setting an example.

The Latin American, African and Central Asian regions are using this period of political change to distance themselves from American dominance, with the Washington Consensus deemed ineffective contemporary global conditions.

Meanwhile, China is steadily growing their economy and offering "no strings attached" partnerships to the states in these regions.

However, ultimately what the Chine model provides is a legitimate system of one-party administration without a system of checks and balances, without consideration about human or environmental repercussions. Not many governments can safely practice such a system in their own states under their own unique conditions. Moreover, having a legitimized autocratic government cannot guarantee to provide the state with a state-oriented healthy economy, rather than a chaotic dystopian state.

Additionally, there is no clear single accepted definition of the term "Beijing Consensus". Unlike the Washington Consensus and its specific ten-point policy plan, the Beijing Consensus is interpreted in many ways by different scholars, with many,

starting with Ramo, attempting to give their own rendition of the model, even though it was never officially publicized as a strategic model.

The Chinese model lacks distinctive framework of policies or specific guidelines, other than those proposed by Ramo in his theoretical paper. The ambiguity of the described factors makes it difficult to see how they can be applied in other states. As such, rather than being a distinguishable template for development, the Chinese model become more of a trial and error model essentially operating by adopting successful policies.

China had very specific and unique conditions that made the "Beijing Consensus" work and make way for great economic growth. The Chinese government effectively analyzed and used these conditions, additionally creating entirely new conditions for the country to prosper. On that account such a model cannot be easily copied. While the Beijing Consensus does offer an alternative to the polarizing Washington Consensus, the circumstances in which these two models can be applied are entirely different. As such, having an impression that either model should fit perfectly into any certain developing country can lead to ineffective policies and deteriorating economies. A better alternative would be for states to analyze the "Beijing Consensus" and learn what made it so successful, taking parts that will benefit the country and trying to adopt them one by one. After all, nobody is forcing any country to follow a specific guideline. Additionally, not enough time has passed for countries to consider the "Beijing Consensus" to be effective in long-term applicability in other countries outside of China. Taking the most appropriate aspects from what was already tested by the "Beijing Consensus", therefore not blindly following China's established path may create favorable conditions for developing countries' economies.

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