

# DE-CODING THE “BEIJING CONSENSUS”: IS IT AN ALTERNATIVE GROWTH MODEL?

---

*Amrita Jash*

Jawaharlal Nehru University

*China's robust economic growth and development, as a result of its reform and opening policies, has produced phenomenal success. The most striking feature has been China's survival in the global financial and economic crisis, which has led to the dramatic contraction of the world economies, mainly the United States and the European Union. Here, the quintessential question that requires attention is: 'How did China survive the economic catastrophe when big powers contracted?' In this aspect, the Chinese growth and development model - collectively known as the 'Beijing Consensus' - is argued to be China's success factor in the economic crisis. Whereby, the prospect of rapid economic development without political liberalization has become the new jargon of development, which comes with 'no strings attached'. Therefore, based on the available sources, this paper seeks to provide an understanding of this new alternative model called the "Beijing Consensus" and how it is distinct from the Western-led model of the "Washington Consensus."*

The ongoing global financial and economic crisis has led to the decline of the neo-liberal policies of economic growth and development. Fighting against the odds of this economic hardship has led to the dramatic contraction of the world economies, mainly the United States and the European Union. But the greater shock lies in China's survival in the phase of economic slowdown. The quintessential question is: "how did China survive the economic catastrophe when big powers contracted?" This puzzle has been debated for years since the rise of China in the global sphere amidst the debacles of the Asian Financial Crisis in 1997. In this aspect, the economic success of China is often argued in the rubric of the Beijing Consensus, which, unlike the western growth model, is said to cause rapid economic development without any political liberalization. As Andrew J. Nathan posits, the main threat, according to Stefan Halper, is not that of military or economics but, rather, it is the threat of the Chinese strategy to dominate the world in the

realm of values, which Halper calls the market authoritarian model<sup>1</sup> or the Beijing Consensus - a rival model to the Washington Consensus<sup>2</sup> of democratic capitalism.

Therefore, to understand China’s economic success in the phase of declining neo-liberal economic policy framework, this present paper seeks to analyze it through the framework of the “Beijing Consensus.” Here, the Beijing Consensus would be examined as a framework of Chinese growth and development. In doing so, the paper adopts a descriptive approach to examining the following key questions: first, what is the “Beijing Consensus?”; second, how does it differ from the Western-led model of the “Washington Consensus?”; and, finally, does it offer an alternative growth model?

### CONTEXTUALISING THE “BEIJING CONSENSUS”

With the disintegration of the Soviet Union in 1991, the global balance of power was transformed, where both the scales and weights came into the hands of the United States as it emerged as the sole superpower. There was no hard-balancing by second-tier states against this “hegemon.” But with the coming of the new millennium, the world envisaged the rise of an Asian power - “China” in the global sphere. The dragon became powerful amongst all giants, as China emerged as the “Second World Economy.” surpassing the erstwhile powerful Japan in the international sphere. It came out strong from the debacles of the Asian economic crisis of 1997-98 and the economic downturn of the worldwide inflation of 2007. These incidental changes witnessed that there was already a change in the making of the global balance of power, replacing the American hegemony in the international sphere. Seeking this viewpoint, Barry Naughton contends that:

“It is no doubt true that power and influence are shifting. ‘Washington is declining and the Washington consensus is crumbling, while Beijing is rising and...’ and it is tempting to fill in the dots with a

---

1 Andrew J. Nathan, “Book Review: The Beijing Consensus: How China’s Authoritarian Model Will Dominate the Twenty First Century,” *Foreign Affairs*, May/June, 2010, <http://www.foreignaffairs.com/articles/66379/stefan-halper/the-beijing-consensus-how-chinas-authoritarian-model-will-dominate> (accessed November 10, 2014).

2 Washington Consensus was first conceived by economist John Williamson in 1989. This Consensus became generally accepted as the most effective model by which developing nations could spur growth. Embracing ideals of free-market capitalism, which included open trade policies, privatization, and deregulation, the Washington Consensus provided a prescription for development in the Third World.

'rising Beijing consensus.' It is attractive in approach as 'Beijing Consensus' is a concept that draws its power from its key position in a whole system of interacting concepts: as the polar opposite of the Washington Consensus, the term expresses compactly the collapse of the Washington Consensus and the success of the Chinese growth experience and the rising role of China in the world today."<sup>3</sup>

This shift in the econometrics can be equated in terms of China's average economic growth rate of 9.7 percent per annum from 1978 to 2008. With this steadfast growth, as *The Growth Commission 2008* report suggests, China became one of the 13 successful economies that have managed to grow at a rate of 7 per cent or higher for 25 years or more since World War II. With that, the per capita gross domestic product (GDP) has grown by a factor of 12 in real terms to reach US\$3400 in 2008.<sup>4</sup> With these statistical shifts, China moved from a planned economy to a mixed economy, making the private sector account for two-thirds of the national GDP. Thereby, in this economic leap that fostered China's unparalleled growth, it becomes imperative to understand the question: "How did China build this path to rapid growth?" The answer to this question lies in the understanding of China's growth and developmental model, where the success is viewed in China's model of authoritarianism. That is to say, the authoritarian government, as opposed to the Western Democratic Model with its heavy involvement in the state economy, has been able to mobilize the large amounts of resources to tackle the imminent bottlenecks that impede the growth and institutional transition.<sup>5</sup> With this heavy state control, Beijing has developed a hybrid form of capitalism in which it has opened its economy to some extent, but it also ensures the government controls strategic industries, picks corporate winners, determines investments by state funds, and pushes the banking sector to support national champion firms.<sup>6</sup>

With this transition related to the shift in power balance in global politics, the change here, in the calculus, testifies and verifies the contested claims

3 Barry Naughton, "China's Distinctive System: can it be a model for others?," *Journal of Contemporary China* 19, no. 65 (2010): 437.

4 Yao Yang, *China Model and its future* (ANU Press Library: Australian National University), <http://press.anu.edu.au/apps/bookworm/view/China%3A+The+Next+Twenty+Years+of+Reform+and+Development/7021/ch03.xhtml> (accessed May 12, 2014).

5 Ibid.

6 Joshus Kurlantzick, "China's Model of Development and the "Beijing Consensus."" *China-US Focus*, April 29, 2013. <http://www.chinausfocus.com/finance-economy/chinas-model-of-development-and-the-beijing-consensus/> (accessed November 10, 2014).

of two juxtapositions- Gerald Segal posing the quintessential question of China’s existence in world politics as he demands: “Does China Matter?”<sup>7</sup> While Robert Sutter’s interrogation lies in the understandable question: “Why Does China Matter?”<sup>8</sup> Segal and Sutter, writing at different points in time, analyze China’s worthiness, but by taking two analogous stands. Where, one (Segal) doubts that China is an important actor in the international sphere, the other (Sutter) sees China as a significant actor in the international sphere. Therefore, these contested claims contextualize the validity of the concept for the “Beijing Consensus” vis-a-vis the decline of the “Washington Consensus” in the 21<sup>st</sup> Century. Here, we see a shift in “consensus” with that of the shift in power equations and this is because China’s market-led authoritarian developmental model has consistently produced a double digit economic growth in the past two decades. This is increasingly challenging the West led free-market liberal-democratic thoughts (Washington Consensus), subsequently making the “China model” more suitable for the developing countries in “achieving equitable and high quality growth.”<sup>9</sup>

## THE BEIJING CONSENSUS- THE CHINA MODEL OF GROWTH AND DEVELOPMENT

The Beijing Consensus is a model of development based on China’s model for economic growth and political principles of non-interference and self-determination. The term “Beijing Consensus” appeared for the first time in the international lexicon in 2004, coined by Joshua Cooper Ramo in his influential position-paper titled “The Beijing Consensus.” In understanding China’s rapid growth over the past 30 years, Ramo defined the “Beijing Con-

---

7 Gerald Segal (1999) in “Does China Matter?” argues that “China is a small market that matters relatively less to the world, especially outside Asia.” China matters in the same way as any other middle-power adversary matters. China is a beacon to no one and an ally to no one. He states that “China is a political pariah.” And, Segal concludes that there is a greater degree of exaggeration to China’s influence that is apparent and not real and that it needs to be treated as a normal middle power in order to probe into its shortcomings and limitations. See, Gerald Segal, “Does China Matter?,” *Foreign Affairs* 78, no. 5 (1999): 24-36.

8 Robert Sutter (2003) in “Why Does China Matter?” argues in response to Segal that China is an important global actor, which is evitable from its rapidly growing economy and its increasing integration into the world economy. He bases his arguments on the U.S. and China’s relative significance in the world affairs. He states that China is growing at an extraordinary pace and this implies that with sufficiency of power it will adopt a different and more assertive approach to international affairs. It is likely that China might pose a greater challenge to the United States. See, Robert Sutter, “Why Does China Matter?,” *The Washington Quarterly* 27, no. 1 (2003): 75-89.

9 K. I. Woo, “Beijing Consensus: Model for Sustainable Development?,” *Asia-Pacific Housing Journal*, [http://www.ghbhomecenter.com/journal/download.php?file=1521Apr11rtOP7d9.50-59\\_Beijing.pdf](http://www.ghbhomecenter.com/journal/download.php?file=1521Apr11rtOP7d9.50-59_Beijing.pdf) (accessed April 11, 2014).

sensus” as the “new physics of Chinese power.”<sup>10</sup> According to Ramo, with this developmental model:

“China is marking a path for other nations around the world who are trying to figure out not simply how to develop their countries, but also how to fit into the international order in a way that allows them to be truly independent, to protect their way of life and political choices in a world with a single massively powerful centre of gravity. I call this new centre and physics of power and development the Beijing Consensus.”<sup>11</sup>

The central argument is that China’s economic growth challenges every single principle of the Washington Consensus. It is based upon three overarching ideals behind Chinese development, which in turn suggests “how to organize the place of a developing country in the world.”<sup>12</sup> The three theorems are: first, innovation based development - use of innovation as a driver to progress, foreign direct investment and expansion of education to create human resource assets (for example, China is now a world leader of clean energy technology and has the world’s largest educational system); second, economic success not measured by per capita GDP growth but by its sustainability and level of equality using economics to improve society and enhance the quality of life and development that is people-focused; and, lastly, the theory of self-determination in order to oppose hegemonic powers by seeking independence from outside pressure.<sup>13</sup>

The essential elements of the “Beijing Consensus” are- financial support for the state sector, restrictions on private sector development, and tight political controls, which form the core of China’s development.<sup>14</sup> Therefore, as opposed to the “ten policy recommendations”<sup>15</sup> of the Washington Con-

10 Joshua Cooper Ramo, “The Beijing Consensus,” *Foreign Policy Centre*, (2004): 2, <http://fpc.org.uk/publications/TheBeijingConsensus>.

11 Max Rebol (2010), “Why the Beijing Consensus is a non-consensus: Implications for contemporary China-Africa relations,” *Culture Mandala: The Bulletin of the Centre for East-West Cultural and Economic Studies*, 9, no. 1 (2010): 6.

12 Ramo, “The Beijing Consensus.”

13 Ibid; World Foresight Forum 2011, “The Beijing Consensus: An alternative approach to development,” *Issue Brief 02*, April 2011, accessed from <http://www.hcss.nl/reports/issue-brief-no-2-the-beijing-consensus-an-alternative-approach-to-development/81/> (accessed May 12, 2014).

14 Huang Yasheng, “Debating China’s economic growth: the Beijing consensus or the Washington Consensus,” *Academy of Management Perspectives* (2010): 31-47.

15 Ten Propositions of the “Washington Consensus” are: Fiscal discipline, reordering public expenditure

sensus, the hallmark of the “Beijing Consensus” lies in the fact that it does not dictate final policy points to those who may seek to use it. And this major contradiction to the Washington Consensus has led to the success of China. Upholding this characteristic trait of the “Beijing Consensus.” Ramo states that:

“the key ingredient of the China model is its ideological and operating dexterity. China has not bothered to follow any set economic and political prescriptions but has experimented boldly and innovatively. The eclectic approach purportedly used by China encompasses a variety of institutional forms. If state ownership promotes growth, why privatize? If a one-party system works wonders in generating GDP growth, why democratize? If state financial controls are effective in resource mobilization, why liberalize?”<sup>16</sup>

Thus, it can be argued that the advantage of the Beijing Consensus lies in its unconventional route to development, which defies the conventional neo-liberal institutional policies laid out in the Washington Consensus. As the western model tries to impose a “one size fits all” solution on different structures, systems, and needs, this becomes problematic when emulated by developing and underdeveloped economies. For example, the Latin American economic crisis was a result of its emulation of the Washington Consensus model of free market capitalism rather than adopting developmental paths that specifically suited the Latin American conditions. On the contrary, China’s developmental path offers a distinct framework that deviates from the Washington Consensus where China’s success does not offer a “big bang” reform and shock therapy. It is not a process where economic liberalization necessarily leads to democratization; it is not jettisoning state control over key sectors; it is not full neo-liberalization (particularly in financial sectors); it is not the western way of doing things; it is not following a model or a pre-

---

priorities away from non-merit subsidies and toward public goods (e.g. health and education), tax reform that combines broad tax base with moderate marginal rates, liberalized interest rates , a competitive exchange rate, trade liberalization, liberalization of inward foreign direct investment, privatization , deregulation to ease barriers of firms for entry and exit of sectors and strong protection of property rights. See, Scott Kennedy, “The Myth of the Beijing Consensus,” *Journal of Contemporary China*, 19, no. 65 (2010): 461-477.

16 Huang Yasheng, “Rethinking the Beijing Consensus,” *Asia Policy* 11 (2011): 3.

scription; it is not being told what to do by others; and it is not telling others what to do.<sup>17</sup>

## THE “BEIJING CONSENSUS”: IS IT AN ALTERNATE MODEL OF GROWTH AND DEVELOPMENT?

With the parallels drawn between the two “Consensuses”- Washington versus Beijing - the two frameworks provide distinct ways of development. Therefore, against the background of the Washington Consensus, it becomes imperative to understand whether the “Beijing Consensus” acts as an alternative model of growth and development.” Often viewed in a multi-dimensional framework, the “Beijing Consensus” is broadly understood in terms of China’s investments, aid, and trade and not conditioned by the demands of western states and international institutions. It appears that there is no real consensus on one definition of the “Beijing Consensus” in contrast to the Washington Consensus. Unlike the Washington Consensus, which has a codified ten-point policy recommendation, the “Beijing Consensus” lacks a codified policy framework or guidelines.

It is this ambiguity that makes the claims over “Beijing Consensus” as an alternative model of development contested. Arif Dirlik, with his reservations, questions the very etymology of the “Beijing Consensus” and states that “it is a notion, rather than a concept or an idea, as there is no coherence that we associate with either of those terms.”<sup>18</sup> He also critiques the downside of China’s economic prosperity, which has led to greater marginalization and environmental degradation in the name of development. On the same note, Yao Yang<sup>19</sup> evaluates the “Beijing Consensus” to nearing its end, as the CCP’s free-market policies have led to greater income disparities. This is evident in its Gini coefficient, which has reached 0.47 and also China’s experience of the highest urban-rural income gap in the world. This asymmetric economic growth is slowly leading China into the dangerous “middle-income trap,”<sup>20</sup> which has been experienced by other develop-

17 Shaun Breslin, “The ‘China model’ and the global crisis: from Friedrich List to a Chinese mode of governance?,” *International Affairs* 87, no. 6 (2011): 1338-1339.

18 Arif Dirlik, “Beijing Consensus: Beijing ‘Gongshi’: Who recognizes whom and to what end,” *Position Paper, Globalization and Autonomy Online Compendium*, 2006, <http://www.globalautonomy.ca>, (accessed April 11, 2014).

19 Yao Yang, “The End of the Beijing Consensus: Can China’s Model Authoritarian Growth Survive?,” *Foreign Affairs*, 2010, <http://www.foreignaffairs.com/articles/65947/the-end-of-the-beijing-consensus> (accessed April 11, 2014).

20 Middle-income trap is a situation that often arises when a country’s per-capita GDP reaches the range of \$3,000 to \$8,000, the economy stops growing, income inequality increases, and social

ing countries. Hence, these negative evaluations make Ramo’s argument quite weak and fallible. It is these gaps that make the “Beijing Consensus” inadequate in terms of being an alternative model of development for developing countries. It is thereby argued to be a “trial and error”<sup>21</sup> model where policies that succeed are adopted, while the ones that fail are abandoned. Williamson, so as to strengthen his claim of the “Washington Consensus.” states that China’s pursuance of unparalleled growth is based not on “three theorems” but on five developmental policies: incremental reform, innovation and experimentation, export-led growth, state capitalism, and authoritarianism.<sup>22</sup> In bifurcating the two “Consensus” led growth models, Bruce Dickson states that, in contrast to the Washington Consensus, which sees state intervention as non-conducive to economic development and that political liberties and democracy is integral to development, the “Beijing Consensus” suggests that:

“[R]apid economic development requires active leadership by political elites committed to growth and that authoritarian rule is necessary to sustain these pro-growth policies and limit demands for greater equity and social welfare. The Beijing Consensus therefore is antithetical to the Washington Consensus and has so far defied the logic that economic development inevitably leads to political change.”<sup>23</sup>

Therefore, some of these assumptions make the “Beijing Consensus” highly narrow and, thereby, make it less universal and general in its adoption as an alternative model of development. As Scott Kennedy argues that the Beijing Consensus is “a myth.” it is misguided and inaccurate in assessing China’s actual reform experience.<sup>24</sup> While Barry Naughton argues that the concept of the “Beijing Consensus” is an “oxymoron”<sup>25</sup>, he states that the specific character of the Chinese system and the way in which government and business relations have been structured cannot be readily replicated in

---

conflicts erupt. See, Yao Yang, “The End of the Beijing Consensus.”

21 Huang, “Debating China’s economic growth.”

22 John Williamson, “Is the “Beijing Consensus” Now Dominant?,” *Asia Policy* 13 (2012): 1-16.

23 Bruce J. Dickson, 2010, “Who consents to the ‘Beijing Consensus’? Crony communism in China,” Manuscript, (The Elliott School of International Affairs, George Washington University, Washington, DC) i.

24 Scott Kennedy, “The Myth of the Beijing Consensus.” *Journal of Contemporary China* 19, no. 65 (2010): 461-477.

25 Naughton, “China’s Distinctive System.”



other countries. Therefore, these scholarship claims completely falsify Ramo's construct of the "Beijing Consensus" as opposed to the "Washington Consensus." These contending claims make the "Beijing Consensus" model look more like a dystopia rather than a utopia in terms of an alternative developmental model. Thus, there is an uncertainty that prevails in terms of adaptability with this growth model.

Apart from these reservations, in assessing the applicability of the Beijing model to the outer world as an alternative, the argument remains two-fold<sup>26</sup>: first, on one end, the "Beijing Consensus" is seen to be limited by China's own unique experience (the idea of socialism, having world's largest population, the maintaining the old Confucian traditions, and a unified national identity), making it distinctly Chinese. Secondly, on the other end, it is seen to act as a convenient starting point for identifying a mode of development that is independent of the accepted Western model, thereby serving to enhance the voice of the developing nations in global affairs.

To this variant aspect, Turin<sup>27</sup> argues that the "Beijing Consensus" is not actually a "consensus" in the same way as that of the Washington Consensus or as an ideal form of government. It is, rather, a new way of thinking of the global order that is intended to be "contrarian" - an alternative to the current dominant ideology. While Breslin<sup>28</sup> contends that, as a "dissatisfied responsible Great Power." China has been represented by its elites as a force for responsible but fair change to the global distribution of power that should result in a greater voice and role for developing states. Despite his challenge to the Beijing Consensus as a "model" or a "consensus." Dirlik too recognizes the importance of the Beijing Consensus, as he posits that:

"[For] PRC, the search for autonomy and self-determination has taken the form not only of maintaining controls over the economy internally, but also by taking a multilateralist approach to global relationships which contrasts sharply with the increasingly unilateralist direction US policy has taken over the last two decades. 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

---

26 Dustin R. Turin, "China and the Beijing Consensus: An Alternative Model for Development," *Student Pulse Academic Journal* 2, no. 1 (2010): 10.

27 Dustin R. Turin, "China and the Beijing Consensus," 11.

28 Breslin, "The 'China model' and the global crisis," 1323-1343.

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.”<sup>29</sup>

Hence, the consensus on the “Beijing Consensus” is highly ambiguous and uncertain, as there is no common understanding of what it means and whether it implies uniqueness or not. It has a multidimensional interpretation, thereby lacking specificity in terms of applicability. Whether it is transferable or not still remains uncertain.

## CONCLUSION

From the above analysis, it can, therefore, be construed that the “Beijing Consensus” is an alternative idea of growth and development that is devoid of set neo-liberal norms and regulations. This new thinking process has gradually emerged more as a tool for expanding China’s soft power throughout the world. There is veracity in the uniqueness of this thinking process, which lies in its distinct character of providing economic growth without political democratization. It can, therefore, be argued that, since there is no common or agreed upon understanding of the Beijing Consensus, this concept is still in the phase of becoming more concrete in terms of providing an alternative growth and development model. As a result, the Beijing Consensus needs to adopt a more structured framework in terms of its applicability.

---

29 Dirlik, “Beijing Consensus,” 5.