

# Does China Have a Development Model?

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# Agenda

- Broad political-economic overview of China's economic model
- Debate: Is there a Chinese model of development and, if so, what are its main characteristics?
- Lessons: Does China's development experience have lessons for other developing countries?

# Debate about Chinese Model

- Is there a Chinese “model” of development?  
Very controversial inside China and outside
- Some think there is a model; others think there is just a pragmatic set of trial-and-error experiments
- Does it make any difference? An academic (theoretical) difference and a policy difference in terms of how to pursue development

# Debate about Chinese Model

- If there is a Chinese development “model,” how should we characterize it?
- Two approaches
  - Beijing Consensus (Ramo 2004); arguing against the Washington Consensus (Williamson 1990)
  - Chinese developmental state (Pettis 2010, Knight 2014); comparing with EA developmental state (Johnson 1982; Amsden 1989, Wade 1990)

# Beijing Consensus

- Ramo's Beijing Consensus
- “Flexible enough that it is barely classifiable as a doctrine”
- “Pragmatism and ideology at the same time”
- Deng's dictum: “groping for stones to cross the river”
- No uniform set of policies works for all countries

# Beijing Consensus

- Nonetheless Ramo also put forward three “theorems,” which he argued make the Beijing Consensus superior to the Washington Consensus
- Innovation – seek cutting-edge technology to deal with problems created by rapid change
- Self determination – use leverage to tame great powers that want access to the China market
- New tools – focus on equality and sustainability to get buy-in of the population

# Chinese Developmental State

- Idea of a Chinese developmental state seems to be very different than Beijing Consensus
- Strong state that intervenes in the economy to promote export-oriented industrialization
- Meritocratic bureaucracy with a leading government planning agency
- Financial control by the state; bias against FDI
- Close public-private coordination

# Chinese Developmental State

- China fits some of these characteristics, but not all; two main questions
- Doubts with respect to the ideological role of the Communist Party and its relation with the government; are the Party's main goals economic or strategic?
- Also China has relied heavily on FDI, both from other Asian countries and the West, making self-determination more difficult

# Does this Debate Matter?

- Such a debate is of interest for academics trying to theorize about the development process in the 21<sup>st</sup> century, especially since China is so important to this topic
- But it is even more important for development practitioners, who are interested in whether China can offer them lessons on how to attain rapid growth, industrialization, and poverty reduction

# Lessons from China?

- China has become heavily involved in Asia, Africa, increasingly Latin America through trade, investment, and finance (aid and commercial loans)
- Also promoting lessons about development – though often in an ambivalent way; e.g., Xi Jinping’s Davos speech
- Emphasis is on growth through large-scale projects in infrastructure
- “Ownership” of foreign-funded projects and need for self determination

# Lessons from China?

- More specific policy lessons are also suggested
- Technology transfer and innovation to promote growth and industrialization
- Emphasis on education and promotion of human capital at both primary and secondary levels as well as higher education
- Important role for provincial and local governments in economic development

# Lessons from China?

- Despite China's success, there are a number of reasons that lessons from China may not be readily transferable
- China's size (and thus its leverage) makes its success hard to replicate in smaller countries
- China's authoritarian political system limits the relevance of its model for democracies with their "messier" decision-making process