

# What consensus?

## Geopolitics and policy paradigms in China and the United States

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The bilateral relationship between the United States and the People's Republic of China (PRC) has rapidly become the most important in the world. The reasons for this pre-eminence are not hard to fathom: the US and China are the two biggest economies in the world, and they are also the world's most consequential strategic actors. Even though China's military capabilities and spending remain a long way behind America's, the PRC's increasingly assertive foreign and security policies are having a major impact on their immediate neighbours and on the United States itself. The 'rise of China' not only represents a historically unprecedented material transformation of the international economy; it also poses a direct challenge to America's strategic primacy. In short, Sino-American ties highlight a major structural transformation of the international system and the material distribution of power within it.

As we shall suggest in the first part of this article, such developments come as no surprise to security specialists and International Relations scholars of a realist bent in both the United States and China.<sup>1</sup> This is, after all, the very stuff of 'high politics' and the expected behaviour of Great Powers as they—inevitably, the argument goes—seek ascendancy in a never-ending struggle for power. But even if we accept such claims and the logic that underpins them, one of the most striking features of the relationship between the United States and China is how much is being played out in what might be described as the 'ideational realm'. We have become accustomed to thinking of the United States as possessing some sort of 'soft power', even if there is heated debate about what this concept might mean and how it might operate.<sup>2</sup> What is more unexpected, perhaps, is the idea that China might possess such qualities, too.<sup>3</sup> But, as we explain, not only is this idea becoming commonplace, it is increasingly associated with the so-called 'Beijing Consensus' and/or a 'Chinese model' of development.

<sup>1</sup> See Jisi Wang, 'China's search for a grand strategy', *Foreign Affairs* 90: 2, 2011, pp. 68–79. Other prominent realist scholars in China include Xuetong Yan and Haixia Qi, 'Zhong mei jingzheng qianjing: Jia pengyou er fei xin lengzhan' [The prospect of the Sino-US competition: superficial friendship but not a new Cold War], *Guoji Zhengzhi Kexue* [Quarterly Journal of International Politics], no. 3, 2012, pp. 1–23; Feng Liu and Ruizhuang Zhang, 'The typologies of realism', *Chinese Journal of International Politics* 1: 1, 2006, pp. 109–34.

<sup>2</sup> Most influentially in the US, Joseph S. Nye, Jr, *Soft power: the means to success in world politics* (New York: Public Affairs, 2004).

<sup>3</sup> Shaomin Xu, *Zhongguo ruanshili yanjiu pipan* [A critique of China's soft power study from 1992 to 2010] (Taipei: Xinwenfeng, 2012).

This article considers the emergence of the China model in the context of the growing competition between China and the United States. The key issue is whether—notwithstanding problems with the concept itself<sup>4</sup>—the influence of a Chinese model of development is likely to grow as the country's material power and importance continue to expand. Our provisional answer to this question is that while China's increased material leverage will enhance its importance and its potential policy options, its ability or even willingness to realize such opportunities is far from clear. America's decline and China's renaissance may present opportunities, but the possibility, much less the inevitability, of some sort of 'hegemonic transition' remains remote.<sup>5</sup> Equally importantly, perhaps, as our exploration of Chinese thinking on this topic demonstrates, there is no clear, unified consensus on how to understand either its development or its international significance among scholars or policy-makers in China itself. As a consequence, the prospects for some form of continuing, albeit diminished, 'American hegemony', even including elements of the so-called Washington Consensus, may not be as poor as some predict, at least in the immediate future.

### Sino-American ties in geopolitical context

China's rise is happening in a specific historical context with a number of important features that merit emphasis at the outset. First, it is more accurate to speak of China's *re-emergence*, rather than its *rise*, because its prominence is far from unprecedented. On the contrary, for most of recorded human history China has been the biggest centre of economic activity in the world. Likewise, its cultural and even political influence over East Asia in particular has been immense.<sup>6</sup> It was only during the relatively brief 'hundred years of shame', when China's dynastic system was undermined by European imperialism and the country was thrown into chaos, that China was not at the centre of things—or the things that were known in such pre-global times, at least. What we are arguably seeing, therefore, is a return to geopolitical business as usual as China reassumes what many in the PRC see as its rightful place in the international system.<sup>7</sup> This is not simply a material process; it is one with major implications for China's sense of identity and of national pride as policy-makers and populace alike seek to expunge the stain of humiliation.<sup>8</sup>

<sup>4</sup> We detail some of these in what follows, but for a good overview of the issues, see Shaun Breslin, 'The "China model" and the global crisis: from Friedrich List to a Chinese mode of governance?', *International Affairs* 87: 6, Nov. 2011, pp. 1323–43.

<sup>5</sup> Mark Beeson, 'Hegemonic transition in East Asia? The dynamics of Chinese and American power', *Review of International Studies* 35: 1, 2009, pp. 95–112.

<sup>6</sup> Gilbert Rozman, *The East Asian region: Confucian heritage and its modern adaptation* (Princeton, NJ: Princeton University Press, 1991); David C. Kang, *China rising: peace, power, and order in East Asia* (New York: Columbia University Press, 2007).

<sup>7</sup> Lanxin Xiang, *2025 Zhongguo meng* [2025, China dream] (Changsha: Hunan Renmin Chubanshe, 2010); Mingfu Liu, *Zhongguo meng* [China dream] (Beijing: Zhongguo Youyi Chubanshe, 2010).

<sup>8</sup> See William A. Callahan, *China: the pessimist nation* (Oxford: Oxford University Press, 2010). For Chinese perspectives, see Qiang Song, Cangcang Zhang, Bian Qiao and Qingsheng Gu, *Zhongguo keyi shuobu: leng-zhanhou shidai de zhengzhi yu qinggan jueze* [China can say no: political and emotional choices in the post-Cold War era] (Beijing: Zhonghua Gongshang Lianhe Chubanshe, 1996); Xiaojun Song, Xiaodong Wang, Jisu

As far as more recent history is concerned, however, the overwhelming influence and practical policy consideration for Chinese policy-makers since the founding of the PRC has been ‘American hegemonism’.<sup>9</sup> Although this phrase has primarily been pejorative rather than analytical as far as many Chinese policy-makers and scholars have been concerned,<sup>10</sup> it remains pivotal. Indeed, the second contextual point to highlight is the fact that modern China has emerged into a distinctive, highly institutionalized international order that developed under the auspices of American hegemony. It is not necessary to decide whether American dominance has been a good thing or a bad thing—and Chinese policy-makers are not alone in having ambivalent feelings on the point<sup>11</sup>—to recognize that the Bretton Woods institutions<sup>12</sup> played a key role in American foreign policy and in the spread of the sort of liberal values that became enshrined in the Washington Consensus.<sup>13</sup> For most of the period of American dominance, however, it has been the more traditional and material aspects of American hegemony that have been most consequential as far as China is concerned.

It is easy to forget how recent China’s reintegration into the global economy actually is. The liberalization of the domestic economy that has had such a dramatic impact on China and the world began only at the end of the 1970s, and did not gain real momentum until the 1990s. Initially, it was a tentative and closely controlled process full of pragmatic and ideological contradictions. Indeed, it is also important to remember that while the Cold War was still in full swing, and despite something of a *rapprochement* having occurred in the Sino–American relationship, the prospect of China’s becoming an integrated, much less a pivotal, part of an East Asian regional economy, let alone the world’s, remained remote. On the contrary, the idea that there might be such a thing as an East Asian region to become a part of was effectively foreclosed by the ideological divisions of the Cold War.<sup>14</sup>

Such ideological divisions have not entirely disappeared, even if they are less sharply drawn and less politically charged than they once were. But before we explore the possible differences between Chinese and American developmental paradigms in any detail, it is worth highlighting one final paradox that emerges from this geopolitical context. Although China’s accession to the World Trade

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Huang, Qiang Song and Yang Liu, *Zhongguo bugaoxing: da shidai, da mubiao ji women de neiyu waihuan* [Unhappy China: the great time, grand vision and our challenges] (Nanjing: Jiangsu People’s Publishing, 2009); CCCPC Party Literature Research Office, *Xi Jinping guanyu shixian zhonghua minzu weida fuxing de zhongguo meng lunshu zhaibian* [A collection of Xi Jinping’s discussion on realising the China dream of the great rejuvenation of the Chinese nation] (Beijing: Zhongyang Wenxian Chubanshe, 2013).

<sup>9</sup> Yong Deng, ‘Hegemon on the offensive: Chinese perspectives on US global strategy’, *Political Science Quarterly* 116: 3, 2001, pp. 343–65.

<sup>10</sup> Jisi Wang, ‘Meiguo baquan de luoji’ [The logic of American hegemony], *Meiguo Yanjiu* [American Studies Quarterly] 17: 3, 2003, pp. 7–29; Yunzhong Yang, ‘Xinshiji meiguo baquan de xin tezhen’ [New features of American hegemony in the new century], *Dangdai Yatai* [Contemporary Asia–Pacific Studies], no. 1, 2001, pp. 3–10.

<sup>11</sup> Richard Peet, *Unholy trinity: the IMF, World Bank and WTO* (London: Zed, 2003).

<sup>12</sup> The ‘Bretton Woods institutions’ are the World Bank, the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT) which was replaced in 1995 by the World Trade Organization (WTO).

<sup>13</sup> Jan N. Pieterse, *Globalization or empire?* (London: Routledge, 2004); Robert Latham, *The liberal moment: modernity, security, and the making of postwar international order* (New York: Columbia University Press, 1997).

<sup>14</sup> Mark Beeson, ‘Rethinking regionalism: Europe and East Asia in comparative historical perspective’, *Journal of European Public Policy* 12: 6, 2005, pp. 969–85.

Organization might be read as an unequivocal manifestation of American dominance, the long-term impact and consequences of Chinese integration into one of the cornerstones of the Bretton Woods institutional and ideational order are ambiguous. True, the conditions that China was forced to fulfil to secure membership ‘far surpass’ those to which any other country had previously agreed;<sup>15</sup> but they had the effect of securing the capitalist revolution in China.<sup>16</sup> WTO membership was used by reformist elites to discipline opponents of economic liberalization when the course of the reform process was still in the balance.<sup>17</sup> Ironically enough, therefore, American dominance was instrumental in creating—in precisely the same way as it had also done in Japan—a formidable economic competitor that would ultimately challenge its own economic primacy.<sup>18</sup>

What distinguishes China’s challenge to American dominance, however, is that it has strategic implications and is not simply confined to economic or even ideational competition. While the ‘developmental state’ that Japan pioneered and exported to much of the East Asian region—including China<sup>19</sup>—in one form or another may also have provided a potential clash of policy paradigms, it was not accompanied by a concomitant geopolitical or strategic challenge. On the contrary, a crucially important aspect of America’s postwar dominance of East Asia was the self-consciously pursued, long-term strategic subordination of Japan.<sup>20</sup> The consequences of such subordination can be seen in America’s repeated thwarting of Japanese efforts at regional leadership and the promotion of its own developmental model.<sup>21</sup> China, by contrast, represents a potentially much more substantial challenge, even if, as we shall see, the ideological aspects of this challenge are a sometimes contradictory work-in-progress that elicits a good deal of ambivalence in China.<sup>22</sup> Before we consider this in any detail, however, it is important to say

<sup>15</sup> Nicholas R. Lardy, *Integrating China into the global economy* (Washington DC: Brookings, 2002), p. 152.

<sup>16</sup> Yifu Lin and Peilin Liu, ‘Yi jiaru WTO wei qiji tuijin guoyou qiye gaige’ [To promote the reform of state-owned companies by joining the WTO], *Guanli Shijie* [Management World], no. 2, 2001, pp. 27–36; Mengkui Wang, *Zhongguo jiaru WTO yu jingji gaige* [The accession of China into the WTO and economic reform] (Beijing: Foreign Languages Press, 2002).

<sup>17</sup> Shaun Breslin, *China and the global economy* (Basingstoke: Palgrave Macmillan, 2007), p. 83.

<sup>18</sup> Mark Beeson, *Regionalism and globalization in East Asia: politics, security and economic development*, 2nd edn (Basingstoke: Palgrave Macmillan, 2014).

<sup>19</sup> Kellee W. Tsai and Sarah Cook, ‘Developmental dilemmas in China: socialist transition and late liberalization’, in S. M. Pekkanen and K. S. Tsai, eds, *Japan and China in the world political economy* (London: Routledge, 2005), pp. 45–66; Mark Beeson, ‘Developmental states in East Asia: a comparison of the Japanese and Chinese experiences’, *Asian Perspective* 33: 2, 2009, pp. 5–39.

<sup>20</sup> As Kenneth Pyle puts it: ‘The purpose of the alliance was not only to defend but also to restrain Japan’. See Kenneth B. Pyle, *Japan rising: the resurgence of Japanese power and purpose* (New York: PublicAffairs, 2007), p. 349.

<sup>21</sup> Rie Taniguchi and Sarah Babb, ‘The global construction of development models: the US, Japan and the East Asian miracle’, *Socio-Economic Review* 7: 2, 2009, pp. 277–303; Yong Wook Lee, ‘Japan and the Asian Monetary Fund: an identity-intention approach’, *International Studies Quarterly* 50: 2, 2006, pp. 339–66.

<sup>22</sup> Shiqi Tang from Peking University argues that China cannot keep a low profile any more, and that discussion of the China model cannot be depoliticized. See Shiqi Tang, ‘Zhongguo moshi bu keneng qu zhengzhuhua’ [China model cannot be depoliticized], *Renmin Luntan* [People’s Tribune], no. 24, 2010, pp. 54–5. Yunsuo Shen suggests that China should be more confident about the China model and actively champion it. See Yunsuo Shen, ‘Zhongguo moshi wenti yanjiu baogao’ [A study report on the China model], *Sixiang Lilun Jiaoyu Daokan* [Journal of Ideological and Theoretical Education], no. 9, 2005, pp. 19–28. By contrast, Jilin Xu believes that China should be more cautious and concentrate on internal reforms, rather than external promotion. See Jilin Xu, ‘Shen ti zhongguo moshi’ [Be cautious to the China model], *Shehui Guancha* [Social Outlook], no. 12, 2010, p. 101; Haixia Li, ‘Jianlun shentian “zhongguo moshi” de biyaoxing’ [On the necessity of being cautious to the China model], *Dangdai Sheke Shiye*, no. 7–8, 2012, pp. 1–3.

something about the position of the United States, its possible decline and the remarkable symbiotic relationship it enjoys with China.

## The paradoxes of interdependence

There are a number of remarkable features of Sino-American relations, not the least of which is the relative standing of the two principals. While the OECD suggests that China is on course to overtake the United States as the world's biggest economy within the next couple of years,<sup>23</sup> many observers claim political, economic and even environmental vulnerabilities place a large question mark over China's future trajectory. We shall explore some of these in more detail below, but at this stage it is important to emphasize that a growing number of commentators have drawn attention to America's political and economic problems and suggested that the United States is in a process of long-term relative, if not absolute, decline. While the US may have been in this situation before and proved the doubters wrong—as when it saw off the Japanese challenge in the 1980s—there are grounds for thinking that, as Christopher Layne puts it, 'this time it's real'.<sup>24</sup>

The principal exhibits in the America-in-decline thesis are interconnected political, economic and strategic factors which collectively contribute to, and are measures of, the country's diminished hegemonic influence. The most easily quantifiable measure of possible decline is America's reduced share of global GDP. It is important to remember that when the United States assumed its hegemonic position in the aftermath of the Second World War it accounted for nearly 30 per cent of global GDP;<sup>25</sup> now its share is 'only' about a quarter. China's economic expansion has been the mirror image of this diminution, a reality that is manifest in its trade surpluses with, and capital flows to, the United States and the 'imbalances' that have become such a prominent feature of the global economy.<sup>26</sup> Equally importantly for the purposes of the current discussion, there are growing doubts about America's ability to finance its domestic and international obligations as a consequence of its 'fiscal irresponsibility'.<sup>27</sup> The United States' budgetary problems have been compounded by a form of political gridlock that has generated growing negative commentary both within and outside the country,<sup>28</sup> and threatens to further undermine both America's ideational and its material standing.

<sup>23</sup> Josephine Moulds, 'China's economy to overtake US in next four years, says OECD', *Guardian*, 9 Nov. 2012.

<sup>24</sup> Christopher Layne, 'This time it's real: the end of unipolarity and the Pax Americana', *International Studies Quarterly* 56: 1, 2012, pp. 203–213.

<sup>25</sup> Angus Maddison, *Contours of the world economy, 1–2030 AD* (Oxford: Oxford University Press, 2007), table A.6, p. 381.

<sup>26</sup> Martin Wolf, *Fixing global finance: how to curb financial crises in the 21st century* (New Haven, CT: Yale University Press, 2009).

<sup>27</sup> Roger C. Altman and Richard N. Haass, 'American profligacy and American power: the consequences of fiscal irresponsibility', *Foreign Affairs* 89: 6, 2010, pp. 25–34.

<sup>28</sup> Thomas E. Mann and Norman J. Ornstein, *It's even worse than it looks: how the American constitutional system collided with the new politics of extremism* (New York: Basic Books, 2012). For a Chinese view, see Junsheng Li, 'Meiguo "caizheng xuanyu" de zhengzhi genyuan ji qi jingji yingxiang' [The political cause and impact of the financial cliff in the US], *Jingji Yanjiu Cankao* [Review of Economic Research], no. 2, 2013, pp. 69–71.

The potential weaknesses of America's domestic political economy were vividly highlighted by the sub-prime crisis and near-meltdown of the financial sector that came to a head with the collapse of Lehman Brothers in 2008. This crisis has been extensively analysed elsewhere;<sup>29</sup> what is significant here is the damage it did to the reputation and standing of the 'American model' of capitalism.<sup>30</sup> Not only was the United States at the epicentre of a major economic crisis that exerted a wrenching structural impact in North America and western Europe in particular, but many of the values and economic ideas that had informed American capitalism suddenly looked far less persuasive and were subjected to withering criticism.<sup>31</sup> In short, some observers began to question whether the market-oriented policy paradigm that was associated with neo-liberalism generally and the Washington Consensus in particular would be one of the principal casualties of the 'global financial crisis' (GFC).<sup>32</sup>

Another striking feature of the GFC was that it was not a crisis of global capitalism at all, but one that was largely confined to North America and Europe.<sup>33</sup> Much of East Asia emerged relatively unscathed, thanks in large part to a massive, highly effective stimulus package enacted by the Chinese government, which had a salutary impact not only on its own economy, but on those of its neighbours, too. As a result, there was a brief, albeit inconclusive, debate about Asia 'decoupling' from the United States and China's growing importance as a regional growth engine.<sup>34</sup> Sceptics—including some in China<sup>35</sup>—rightly questioned whether the stimulus package had been wisely invested and whether endless infrastructure investment was a sustainable way of keeping the economy growing.<sup>36</sup> Other observers pointed out how reliant the East Asian region remained on markets in North America to absorb the ultimate end products of the 'factory Asia' in which China played such a pivotal part.<sup>37</sup>

Plainly, there is something in such doubts and the jury is, as they say, still out. But in the short term China's role in the crisis stood in stark contrast to

<sup>29</sup> Charles R. Morris, *The trillion dollar meltdown: easy money, high rollers, and the great credit crash* (London: Public-Affairs, 2008). For Chinese perspectives, see Xingsai Liu, 'Lun zhouqi zhong ziben bianji xiaolv de yanjing, niuqu yu bengkui—guanyu meiguo "cidai weiiji" de zhengzhi jingji xue jiedu' [On the evolution, distortion and collapse of the marginal efficiency of the capital cycle—the political economy of the American "subprime crisis"], *Cajing Yanjiu* [Journal of Finance and Economics] 35: 11, 2009, pp. 113–24.

<sup>30</sup> Richard Whitley, 'US capitalism: a tarnished model?', *Academy of Management Perspectives* 23: 2, 2009, pp. 11–22.

<sup>31</sup> John Quiggin, 'What have we learned from the global financial crisis?', *Australian Economic Review* 44: 4, 2012, pp. 355–65; David Colander, 'How economists got it wrong: a nuanced account', *Critical Review: A Journal of Politics and Society* 23: 1, 2011, pp. 1–27.

<sup>32</sup> John Comaroff, 'The end of neoliberalism?', *Annals of the American Academy of Political and Social Science* 637: 1, 2011, pp. 141–7.

<sup>33</sup> Shaun Breslin, 'East Asia and the global/transatlantic/western crisis', *Contemporary Politics* 17: 2, 2011, pp. 109–117.

<sup>34</sup> Yung Chul Park, *The global financial crisis: decoupling of East Asia—myth or reality?* (Manila: ASEAN Development Bank, 2011).

<sup>35</sup> Dao Niu, *Siwan yi ciji jingji huile zhongguo* [The four trillion stimulus package destroyed China], *blog.ifeng.com*, 2011, <http://blog.ifeng.com/article/11565339.html>; Liwei Zhang, 'Siwan yi' gongguo zaiyi [A reconsideration on the 'four trillion'], *ftchinese.com*, 2013, <http://www.ftchinese.com/story/001049441?full=y>, both accessed 31 Oct. 2014.

<sup>36</sup> Simon Rabinovitch, 'China: the road to nowhere', *Financial Times*, 16 July 2012.

<sup>37</sup> Prema-chandra Athukorala and Archanun Kohpaiboon, *Intra-regional trade in East Asia: the decoupling fallacy, crisis, and policy challenges*, ADBI working paper no. 177 (Manila: Asian Development Bank, 2009).

America's, and won plaudits and admirers as a consequence. Not only had the United States triggered the crisis in the first place; it has struggled to deal with its short- and long-term consequences. China, by contrast, had rapidly moved to put in place an effective response to the crisis which reflected both the scale of the available resources in China and the political processes that enabled such a response. In short, China's authoritarian, undemocratic, illiberal government was able to respond more effectively and rapidly than the leader of the free world and the self-styled beacon of progressive political change.<sup>38</sup> Such contrasts did not go unnoticed around the world and have only been reinforced by subsequent events as the United States has lurched from one political crisis to another, imperilling the stability of the global economy in the process.<sup>39</sup>

### *Chimerica?*

But before we consider whether the China model does actually present an alternative to the Washington Consensus and its now rather discredited faith in the salutary impact of market forces, it is important to highlight one final aspect of the Sino-US relationship that is exerting a constraining influence on American power. What Ferguson and Schularick famously described as 'Chimerica' may be a bit glib,<sup>40</sup> but it does capture something important about the remarkable symbiosis that exists between the American and Chinese economies. Simply put, China exports goods to the United States (often via foreign-invested American companies), for which it is paid in American dollars, which it obligingly recycles into US debt, allowing another iteration of a process from which both sides benefit. Yet neither country is entirely happy with an arrangement dubbed by former Treasury Secretary Larry Summers as the 'balance of financial terror',<sup>41</sup> despite its importance to both countries.

For China, the great danger of this relationship is that it is exposed to the vagaries of America's domestic situation, whether economic or, even more importantly, political. Any decision to allow, by intent or neglect, the value of the dollar to fall, for example, would have major implications for the value of China's massive holdings of American treasury bonds and other dollar-based assets. Such potential vulnerabilities have already been tested and widely criticized in China's increasingly vociferous and influential social media.<sup>42</sup> Whether the Chinese government is responding to such pressures directly, or whether it is driven by its own heightened

<sup>38</sup> Shaun Breslin, 'China and the crisis: global power, domestic caution and local initiative', *Contemporary Politics* 17: 2, 2011, pp. 185–200.

<sup>39</sup> Richard Ghiasy, Stephan Mothe and Frances Pontemayor, 'China's developing world edge', *Diplomat*, 13 Sept. 2013.

<sup>40</sup> Niall Ferguson and Moritz Schularick, "'Chimerica' and the global asset market boom", *International Finance* 10: 3, 2007, pp. 215–39.

<sup>41</sup> Lawrence Summers, 'Opportunities out of crisis: lessons from Asia', speech to the Overseas Development Council, Washington DC, 19 March 1998, <http://www.treasury.gov/press-center/press-releases/Pages/rr2309.aspx>, accessed 3 Oct. 2014.

<sup>42</sup> Yumin Xue, 'Zhongtuo wanyi meizhai touzi you dashuipiao, bei ji "songcai tongzi"', [The trillions investment on American Treasuries by CIC has been for naught], *Touzizhe Bao* [Investor Journal Weekly], 2011, <http://finance.people.com.cn/stock/h/2011/0815/c226333-2512084321.html>, accessed 31 Oct. 2014.

awareness of long-term strategic goals and vulnerabilities, the fact is that some of the PRC's most senior officials have taken the Americans to task for their 'irresponsible' economic policies. Indeed, they have even talked up the possibility of decreasing the general reliance on the dollar as the international system's reserve currency,<sup>43</sup> an idea that enjoys support in China itself.<sup>44</sup> Even if such declarations represent no more than a shot across the bows of America's policy-makers, given the limited alternatives, it is a noteworthy measure of Chinese policy-makers' increasing assertiveness and confidence in their judgement about the best ways of running the international economy.

Significantly, even if the Americans do not enjoy being lectured by the Chinese, there may be limits to their ability to push back. It is not simply that America's economic house is patently not in good order; its policy-makers are increasingly constrained by their reliance on China. As Hillary Clinton revealingly observed when urged to stand up to China by former Australian prime minister Kevin Rudd: 'How do you deal toughly with your banker?'<sup>45</sup> Although Drezner argues that there is no evidence that China has been able to make explicit use of its growing latent leverage,<sup>46</sup> the point to emphasize is that limits are perceived to be emerging to America's freedom of action at a time when its reputation and authority have been undermined by the impact of the crisis and the very public failing of its domestic political system. In such circumstances, the chances that alternative ideas about economic development and the management of the international economy might gain increased traction are clearly increased. Whether Chinese policy-makers or their economic model can provide such an alternative, however, is far from clear.

## Is there a Chinese policy paradigm?

Before considering the specifics of the so-called Beijing Consensus, it is worth briefly considering what is involved in actually establishing a policy paradigm that can act as a template for reform, advice or emulation. Peter Hall's seminal contribution to the literature reminds us how powerful distinct policy paradigms can be in providing a taken-for-granted 'framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing'.<sup>47</sup> Such practices can have a path-dependent, institutionalized quality that makes them difficult to change. Shifting from one paradigm to another—Hall illustrated his claims by exploring the transition from Keynesianism to monetarism—is consequently difficult and relatively rare:

<sup>43</sup> Martin Wolf, 'Why China hates loving the dollar', *Financial Times*, 25 Jan. 2011.

<sup>44</sup> Xiaochuan Zhou, the governor of China's central bank, famously argued in 2009 that China should challenge the primacy of the US dollar. See Xiaochuan Zhou, 'Guanyu gaige guoji huobi tixi de sikao' [Some thoughts on reforming the international currency system], People's Bank of China, 23 March 2009.

<sup>45</sup> E. MacAskill, 'WikiLeaks: Hillary Clinton's question: how can we stand up to Beijing?', *Guardian*, 4 Dec. 2010.

<sup>46</sup> Daniel W. Drezner, 'Bad debts: assessing China's financial influence in great power politics', *International Security* 34: 2, 2009, pp. 7–45.

<sup>47</sup> Peter A. Hall, 'Policy paradigms, social learning, and the state: the case of economic policy-making in Britain', *Comparative Politics* 25: 3, 1993, p. 279.

the movement from one paradigm to another will ultimately entail a set of judgments that is more political in tone, and the outcome will depend, not only on the arguments of competing factions, but on their positional advantages within a broader institutional framework, on the ancillary resources they can command in the relevant conflicts, and on exogenous factors affecting the power of one set of actors to impose its paradigm over others.<sup>48</sup>

There is a large and varied literature that explores the nature of ‘critical junctures’ in triggering moments of paradigmatic change,<sup>49</sup> some of which is especially pertinent to the East Asian context.<sup>50</sup> There is a similarly rich discussion of the process of ‘policy diffusion’ and ‘learning’,<sup>51</sup> although much of this literature is rather Eurocentric in its empirical focus and normative expectations.<sup>52</sup> A substantive review of these literatures is beyond the scope of this article. For our purposes here, it is important to keep in mind a few general points that emerge from these debates when thinking about the possibilities of paradigmatic change and possible transition. Although the policy approaches and ideas that are associated with the United States and to a lesser but growing extent with China represent different paradigms, the key question is about their relative standing. In short, does the Beijing Consensus actually represent a coherent, identifiable paradigm? Even if it does, is it underpinned by the sort of political resources and ideational influence that might allow it to displace extant alternatives?

While there may be some debate about the status and current influence of the Washington Consensus, it had a clear set of principles that were widely recognized if not always supported. Indeed, when John Williamson first enunciated the consensus, he thought he was simply outlining ‘the common core of wisdom embraced by all serious economists’.<sup>53</sup> The market-centred recipe of economic reform was the intellectual DNA of the international financial institutions (IFIs) created at Bretton Woods, albeit a recipe not always enthusiastically embraced by those on the receiving end.<sup>54</sup> On the contrary, many scholars in China in particular see the Washington Consensus as primarily designed to further the interests of the Anglo-American capitalist class.<sup>55</sup> Indeed, Ersheng Zhang argues that the Washington Consensus is having an intentionally corrosive impact on strategically

<sup>48</sup> Hall, ‘Policy paradigms, social learning, and the state’, p. 280.

<sup>49</sup> Giovanni Capocchia and R. Daniel Kelemen, ‘The study of critical junctures: theory, narrative, and counterfactuals in historical institutionalism’, *World Politics* 59: 3, 2007, pp. 341–69; Frank R. Baumgartner, ‘Ideas and policy change’, *Governance* 26: 2, 2013, pp. 239–58.

<sup>50</sup> Kent E. Calder and Min Ye, *The making of northeast Asia* (Singapore: NUS Press, 2010).

<sup>51</sup> Frank Dobbin, Beth Simmons and Geoffrey Garrett, ‘The global diffusion of public policies: social construction, coercion, competition, or learning?’, *Annual Review of Sociology*, vol. 33, 2007, pp. 449–72; David Marsh and Jason C. Sharman, ‘Policy diffusion and policy transfer’, *Policy Studies* 30: 3, 2009, pp. 269–88.

<sup>52</sup> Mark Beeson and Diane Stone, ‘The European Union model’s influence in Asia after the global financial crisis’, *European Journal of East Asian Studies* 12: 2, 2013, pp. 167–90.

<sup>53</sup> John Williamson, ‘In search of a manual for Technopols’, in J. Williamson, *The political economy of policy reform* (Washington DC: Institute for International Economics, 1994), pp. 11–28.

<sup>54</sup> Mark Beeson and Iyanatul Islam, ‘Neo-liberalism and East Asia: resisting the Washington Consensus’, *Journal of Development Studies* 41: 2, 2005, pp. 197–219; Andrew Walter, *Governing finance: East Asia’s adoption of international standards* (Ithaca, NY: Cornell University Press, 2008).

<sup>55</sup> Chunsheng Tian, ‘Zhongguo xu zouchu xin ziyou zhuyi yingxiang de wuqu’ [China must leave the trap of neo-liberalism], *Renmin Luntan* [People’s Tribune], no. 1, 2011, pp. 18–20.

important parts of the Chinese economy such as state-owned enterprises, and should be fiercely resisted as a consequence.<sup>56</sup>

The key point that a number of prominent Chinese scholars such as Ping Chen emphasize is that, although China has plainly been influenced by the sort of neo-liberal ideas associated with the Washington Consensus, its policy-makers have wisely not adopted such ideas wholesale. On the contrary, China has modified such ideas to suit its circumstances and consequently, it is claimed, has avoided some of the problems associated with the model.<sup>57</sup> Whatever the merits of such perspectives in China, they highlight the perceived impact the American model has had. The question is whether the distinctiveness of the Chinese experience merits similar claims about a possible Beijing Consensus and/or a China model. To help answer this question, we argue that there are important differences in the two concepts and it is consequently useful to treat them separately.

### *The Beijing Consensus?*

The term 'Beijing Consensus' was famously coined by the journalist Joshua Ramo. If nothing else, it highlighted the fact that China had followed a very different (and highly successful) developmental path from the one prescribed by the US and the IFIs. For Ramo, the Beijing Consensus was 'defined by a ruthless willingness to innovate and experiment, by a lively defence of national borders and interests, and by the increasingly thoughtful accumulation of tools of asymmetric power projection'.<sup>58</sup> For some observers, not only does the Beijing Consensus amount to a distinctive model of economic development, it is one with specific competitive advantages that will allow it to dominate the twenty-first century.<sup>59</sup> Other more sober accounts of China's developmental history argue that 'Ramo's Beijing Consensus is a misguided and inaccurate summary of China's actual reform experience. It not only gets the empirical facts wrong about China, it also disregards the similarities and differences China's experience shares with other countries, and it distorts China's place in international politics.'<sup>60</sup> The principal counter-arguments here concern China's relatively limited technological innovation and questions about the sustainability and uniqueness of its development model.

Of course, perhaps the most important historical fact to keep in mind when thinking about the distinctiveness or otherwise of Chinese capitalism is that China is pursuing capitalism of any kind. Yasheng Huang claims that economic development has actually been faster as the Chinese economy has become more

<sup>56</sup> Ersheng Zhang, 'Jingti huashengdun gongshi de yingxiang' [Be vigilant with the influence of the Washington Consensus], *Tansuo yu Zhengming* [Exploration and Free Views], no. 1, 2006, pp. 36–8.

<sup>57</sup> Ping Chen, 'Cong huashengdun gongshi shibai kan jingji biange fangxiang' [The decline of Washington Consensus and the direction of the development of economics], *Hongqi Wengao* [Red Flag Manuscript], no. 11, 2005, pp. 13–15. See also Yongsheng Chang, 'Jinrong weiji hou de fansi: zhongguo moshi yu meiguo moshi de bijiao' [Reflections after the world financial crisis: a comparison between the China model and the US model], *Zhanlue Juece Yanjiu* [Journal of Strategy and Decision-Making] 1: 2, 2009, pp. 45–51.

<sup>58</sup> Joshua C. Ramo, *The Beijing Consensus* (London: Foreign Policy Centre, 2004), p. 4.

<sup>59</sup> Stefan Halper, *The Beijing Consensus: how China's authoritarian model will dominate the twenty-first century* (New York: Basic Books, 2010).

<sup>60</sup> Scott Kennedy, 'The myth of the Beijing Consensus', *Journal of Contemporary China* 19: 65, 2010, p. 462.

liberalized (and Washington Consensus-like).<sup>61</sup> Shan Yuan makes a similar point when he argues that if there is such a thing as the Beijing Consensus it has emerged as a complement to the Washington variety and is primarily associated with the transition to a market economy.<sup>62</sup> One reason why the idea of the Beijing Consensus has proved contentious and elusive is because it is just that: an idea. Junju Zhuang argues that the entire concept has become too politicized,<sup>63</sup> but it is clear that the lack of a clearly articulated set of core principles of the sort that distinguished its American rival has given it significantly less traction as a distinct discourse or policy paradigm. This is not to say, however, that there is nothing distinctive and enduring about the way economic and political activities are organized in China.

### *The China model?*

As with the Beijing Consensus, there is no agreement on whether there really is a China model, never mind what it actually represents or what influence it may have. Nevertheless, whatever label we attach to the Chinese developmental experience, it is apparent that it has distinctive features, even if it is less clear whether these are replicable or contain transferable lessons. For some observers in China, such as Wei Pan, the principal significance and distinctiveness of China's model of development is that it is determined by political factors and the overarching need to safeguard China's distinctive political order.<sup>64</sup> While it may be true that China is no longer (if it ever was) a 'communist' country, it is still very much the case that the Chinese Communist Party (CCP) remains firmly in control.<sup>65</sup> Although many commentators—especially outside China—have questioned the durability of the CCP's grip on power and suggested that political change is inevitable,<sup>66</sup> at this stage there is little indication of imminent change. On the contrary, many of the most successful and potentially politically powerful economic forces in the country have actually been co-opted into the ruling elite.<sup>67</sup>

It makes sense, therefore, to assume that while evolutionary change in China's basic political and economic structures remains entirely possible and even likely—this has been the story of the last 40-odd years, after all—it is also reasonable to

<sup>61</sup> Yasheng Huang, 'Rethinking the Beijing Consensus', *Asia Policy* 11: 1, 2011, pp. 111–26.

<sup>62</sup> Shan Yuan, 'Guanyu "beijing gongshi" yanjiu de ruogan wenti' [Some issues on the study of the 'Beijing Consensus'], *Dangdai Shijie yu Shehui Zhuyi* [Contemporary World and Socialism], no. 5, 2004, pp. 17–21.

<sup>63</sup> Junju Zhuang, 'Guanyu "beijing gongshi" yu zhongguo moshi yanjiu de ruogan sikao' [Some thoughts on the 'Beijing Consensus' and China model], *Dangdai Shijie yu Shehui Zhuyi* [Contemporary World and Socialism], no. 5, 2005, pp. 24–8.

<sup>64</sup> Wei Pan, 'Dangdai zhonghua tizhi—zhongguo moshi de jingji, zhengzhi, shehui jixi' [A contemporary Chinese system—an economic, political and social analysis], in Pan Wei, ed., *Zhongguo moshi: jiedu renmin gongheguo de 60 nian* [The China model: to interpret the sixty years of the People's Republic] (Beijing: Central Compilation and Translation Bureau, 2009), pp. 5–6.

<sup>65</sup> Richard McGregor, *The Party: the secret world of China's communist rulers* (New York: HarperCollins, 2010).

<sup>66</sup> Cheng Li, 'The end of the CCP's resilient authoritarianism? A tripartite assessment of shifting power in China', *China Quarterly*, vol. 211, September 2012, pp. 595–623; Zhenhua Su, Hui Zhao and Jingkai He, 'Authoritarianism and contestation', *Journal of Democracy* 24: 1, 2013, pp. 26–40.

<sup>67</sup> Teresa Wright, *Accepting authoritarianism: state–society relations in China's reform era* (Stanford, CA: Stanford University Press, 2010); Kellee S. Tsai, *Capitalism without democracy: the private sector in contemporary China* (Ithaca, NY: Cornell University Press, 2007).

assume a degree of continuity in, and continued comparative significance of, the Chinese model of development. Indeed, this is a claim made by a research team from the Party School of the Central Committee which argues that the China model not only exists but is a manifestation of centralized state policy, socialist ideology, government-directed market reform and international economic integration.<sup>68</sup> It is not necessary to accept all of these claims to recognize that for many state officials in China there is a continuing, self-conscious, predetermined intention to shape policies in line with particular economic and especially *political* goals. This is the essence of what Ian Bremmer has described as an increasingly prominent form of ‘state capitalism’.<sup>69</sup> Importantly, even if the overall Chinese system evidences at times a degree of institutional incoherence and conflicting goals, what McNally calls ‘Sino-capitalism’ is distinguished by ‘less trust in free markets and more trust in unitary state rule and social norms of reciprocity, stability, and hierarchy’.<sup>70</sup>

At the level of intentionality and self-consciously pursued political projects, then, it is possible to argue that there is something distinctive about the Chinese state, notwithstanding some of the contradictory aspects of this experience. It could hardly be otherwise, of course: as noted, the CCP remains the pivotal political actor in a country and an economy until recently governed by central planning, in which there were few actors of consequence outside the Party. Now, however, not only is there a range of new domestic actors attempting to influence domestic and even foreign policy,<sup>71</sup> there are powerful external forces that are reshaping ‘China’—even if the state continues to play a powerful role in such processes. It is at this point, where domestic economic, political and even social forces intersect with ‘globalization’, that arguments about the sustainability of any distinct Chinese mode of development are thrown into sharp relief.

As Shaun Breslin has pointed out, one of the reasons why it may not make much sense to talk about ‘a China model’ in the singular is that there are arguably many developmental trajectories occurring simultaneously within this massive and internally complex economy.<sup>72</sup> The role of foreign enterprises in this context is potentially especially significant. For example, Edward Steinfeld argues that ‘China today is growing not by writing its own rules, but instead by internalizing the rules of the advanced industrial West. It has grown not by conjuring up its own unique political-economic institutions but instead by increasingly

<sup>68</sup> Mi Zhang, Hong Zhao and Rui Zhang, ‘2005 nian yilai xueshuji guanyu “zhongguo moshi” wenti yanjiu zongshu’ [A literature review on research about the ‘China model’ since 2005], *Kexue Shehui Zhuyi* [Scientific Socialism], no. 3, 2010, pp. 153–8.

<sup>69</sup> Ian Bremmer, *The end of the free market: who wins the war between states and corporations?* (New York: Penguin, 2010).

<sup>70</sup> Christopher A. McNally, ‘Sino-capitalism: China’s reemergence and the international political economy’, *World Politics* 64: 4, 2012, p. 757.

<sup>71</sup> On interest groups, see David A. Steinberg and Victor C. Shih, ‘Interest group influence in authoritarian states: the political determinants of Chinese exchange rate policy’, *Comparative Political Studies* 45: 11, 2012, pp. 1405–1434; Kjeld E. Brødsgaard, ‘Politics and business group formation in China: the Party in control?’, *China Quarterly*, vol. 211, 2012, pp. 624–48. On foreign policy, see Mark Beeson and Fujian Li, *China’s regional relations: evolving foreign policy dynamics* (Boulder, CO: Lynne Rienner, 2014); Linda Jakobson and Dean Knox, *New foreign policy actors in China*, SIPRI Policy Paper no. 26 (Stockholm, Sept. 2010).

<sup>72</sup> Breslin, ‘The “China model” and the global crisis’.

harmonizing with our own.<sup>73</sup> Even if Steinfeld glosses over and reifies some of the internal complexities that Breslin and others see as such a distinctive feature of development in China, he has a point: plainly, Chinese society and the goals of the state officials who claim to represent it have been profoundly influenced by integration with western capitalism. The key questions are about the durability and comparative significance of the factors that remain distinct and which mark China out from other nations.

For some scholars in China—most famously, perhaps, Keping Yu—the China model, and the Beijing Consensus, for that matter, are significant primarily as expressions of a choice that has been made by China’s rulers in the context of the global economy. The China model in this context represents a way of managing these ‘external’ pressures.<sup>74</sup> The implication here is that the significance of the China model, so far as it exists at all, is as a way of describing the specific internal characteristics of Chinese development rather than as a universal template for other developing economies. This is a view that is widely, but not exclusively, held outside China.<sup>75</sup> In China itself, there are a number of scholars who emphasize that, on the contrary, not only does the China model provide an alternative reference point for other developing economies, it actually offers a way of countering the dominance of western or, more specifically, American ideas about development.<sup>76</sup>

### *Exporting the model*

For some Chinese critics of the Washington Consensus, its major failing was not simply that it didn’t work, but that it actually created the preconditions that led to crises across the emerging market economies. It was only by studiously ignoring the Washington Consensus model, the argument goes, that China managed to avoid a similar fate.<sup>77</sup> If such analyses are correct, we might expect other countries to be avidly attempting to replicate China’s success with little need for active encouragement on China’s part. The historical experience suggests a more complex picture. Not only have Chinese policy-makers clearly been influenced by the developmental experience of countries such as Japan and Singapore,<sup>78</sup> there

<sup>73</sup> Edward S. Steinfeld, *Playing our game: why China’s rise doesn’t threaten the West* (New York: Oxford University Press, 2010), p. 18.

<sup>74</sup> Keping Yu and Junju Zhuang, ‘Guanyu “beijing gongshi” yu zhongguo fazhan moshi de duihua’ [A dialogue on the ‘Beijing Consensus’ and China’s development model], *Dangdai Shijie yu Shehui Zhuyi* [Contemporary World and Socialism], no. 5, 2004, pp. 4–9.

<sup>75</sup> Barry Naughton, ‘China’s distinctive system: can it be a model for others?’, *Journal of Contemporary China* 19: 65, 2010, pp. 437–60; Arif Dirlik, ‘The idea of a “Chinese model”: a critical discussion’, *China Information* 26: 3, 2012, pp. 277–302. For a similar Chinese perspective, see Yuan, ‘Guanyu “beijing gongshi” yanjiu de ruogan wenti’.

<sup>76</sup> Fang Liu, ‘“Zhongguo moshi” yanjiu redian jixi’ [Hot issues on the ‘China model’], *Beijing Xingzheng Xueyuan Xuebao* [Journal of Beijing Administrative College], no. 1, 2013, pp. 55–60; Yongnian Zheng, ‘Guoji fazhan geju zhong de zhongguo moshi’ [The China model in international development], *Zhongguo Shehui Kexue* [Social Sciences in China], no. 5, 2009, pp. 20–28.

<sup>77</sup> Chen, ‘Cong huashengdun gongshi shibai kan jingji biange fangxiang’.

<sup>78</sup> Stephan Ortmann, ‘The “Beijing consensus” and the “Singapore model”: unmasking the myth of an alternative authoritarian state-capitalist model’, *Journal of Chinese Economic and Business Studies* 10: 4, 2012, pp. 337–59; Saadia M. Pekkanen and Kellee S. Tsai, ‘Late liberalizers: comparative perspectives on Japan and China’, in Pekkanen and Tsai, eds, *Japan and China in the world political economy*, pp. 11–28.

are many economists in China who have learned their trade in American universities, and many of them are outspoken advocates of market-oriented reform.<sup>79</sup>

When trying to assess the possibility that Chinese ideas about development might become more influential, therefore, it is important to remember just why the United States was able to promote the Washington Consensus as the major policy paradigm of the postwar period. As one of the most astute observers of American influence comments:

In addition to normative pressures from the economics profession, there is at least one additional mechanism for the transnational diffusion of policy paradigms: coercive pressures from powerful organizations. ‘Coercive isomorphism’ is a term used by organizational sociologists to describe one reason why organizations tend to adopt similar structures and policies—because other, more powerful organizations are rewarding adoption (and punishing non-adoption) through various means, including the selective channelling of resources.<sup>80</sup>

A key point to emphasize, therefore, is that having ‘good’ ideas is one thing; having the ability to promote them—forcefully, if need be—is quite another. The IFIs clearly provided the sort of powerful, institutionalized presence in the international political economy that allowed for the promotion and implementation of a particular set of policy ideas and principles. Significantly, even in the aftermath of the worst economic crisis since the Great Depression, those ideas have not been debunked. On the contrary, according to Güven, ‘the lesson the IFIs drew from these calamities was not that neo-liberal policies were themselves flawed, but that they should have been implemented in a wider context of structural transformation, ushering in a process of paradigm broadening in both agencies.’<sup>81</sup>

Multilateral organizations, therefore, are key sources of notionally ‘independent’ and expert authority, with the sort of financial leverage that makes their advice hard to resist. Whatever one thinks about the role of the IFIs in retrospect, it is clear that they have had an enormous impact on thinking about, and the practice of, development over the last 50 years or so, and that they have been closely linked to and supported in this undertaking by the United States.<sup>82</sup> The IFIs can be seen as a complement to, if not an extension of, American foreign policy, therefore. As a consequence, there has been an expectation that, simply by participating in such institutional forums, other countries will be ‘socialized’ into the ways of a ‘western’ diplomatic order and imbibe important policy principles in the process. This is an especially important idea in the case of China and clearly

<sup>79</sup> Some of the most prominent are Prof. Justin Yifu Lin, a graduate of Chicago University, and Prof. Weiyang Zhang of Oxford University.

<sup>80</sup> Sarah Babb, ‘The Washington Consensus as transnational policy paradigm: its origins, trajectory and likely successor’, *Review of International Political Economy* 20: 2, 2012, p. 273.

<sup>81</sup> Ali B. Güven, ‘The IMF, the World Bank, and the global economic crisis: exploring paradigm continuity’, *Development and Change* 43: 4, 2012, p. 872. For a different reading of the impact of recent crises on the IFIs, see Daniela Gabor, ‘The International Monetary Fund and its new economics’, *Development and Change* 41: 5, 2010, pp. 805–830.

<sup>82</sup> Robert Wade, ‘A new global financial architecture?’, *New Left Review*, vol. 46, 2007, pp. 113–29; Ngaire Woods, ‘The United States and the international financial institutions: power and influence within the World Bank and the IMF’, in R. Foot, S. N. MacFarlane and M. Mastanduno, eds, *US hegemony and international organizations* (Oxford: Oxford University Press, 2003), pp. 92–114.

one with some foundation. After all, China has essentially become a capitalist economy and effectively given up on socialism in all but name.

And yet, if the important question these days is not so much whether a country is capitalist, but to which variety of capitalism it subscribes,<sup>83</sup> then questions of influence and the possible attractions of ‘models’ of capitalism take on a new significance. A practically and symbolically important development in this context was the appointment of a prominent Chinese economist, Justin Yifu Lin, to be the Chief Economist at the World Bank. Significantly, not only is the evidence about Lin’s ‘socialization’ somewhat ambiguous, but he is a prominent advocate of East Asian-style state interventionism. In this respect it is worth quoting Lin’s views, as they highlight just how different thinking about development could be if Chinese views about development were to become more influential:

China’s and other East Asian economies’ experiences provide a golden opportunity for rethinking the fundamental issues of the roles of the state, market, and other institutions in a developing country’s process of development and transition to catch up with the industrialized nations. The role of theory is to explain the observed phenomena and to guide policy choices. New theory comes from new phenomena. It is an auspicious opportunity for young scholars and students to draw from China’s and other East Asian economies’ experiences and make contributions to the theoretical development of modern economics.<sup>84</sup>

What is at issue here is not whether Lin’s interpretation of East Asia’s development experience is more accurate than some of those that have emerged from the United States and the IFIs at earlier periods—although we think it is—but that he represents a new and influential voice operating in the uppermost echelons of the international policy-making community. The real potential significance of China in this respect is that its re-emergence may herald a new set of ideas, influences and interests operating in arenas that have formerly been dominated by the West. The key question here is whether ‘China’ will be socialized into the norms and practices of the extant, largely western-dominated international order, as some believe,<sup>85</sup> or whether it is likely to want to change the guiding principles of the international institutional architecture to reflect its own ideas and interests.<sup>86</sup> Such an outcome would be neither entirely surprising nor necessarily a bad thing. As Kennedy argues, paradoxically enough, the danger may be that China ‘is so wedded to the status quo that [it] will forestall important reforms that are desperately needed’.<sup>87</sup>

Even if Chinese influence over the IFIs remains a long-term project, and one that may change the views of Chinese policy-makers in the process,<sup>88</sup> it is clear

<sup>83</sup> Peter A. Hall and David Soskice, eds, *Varieties of capitalism: the institutional foundations of comparative advantage* (Oxford: Oxford University Press, 2001).

<sup>84</sup> Justin Yifu Lin, ‘China and the global economy’, *China Economic Journal* 4: 1, 2011, p. 13.

<sup>85</sup> Alastair I. Johnston, *Social states: China in international relations, 1980–2000* (Princeton, NJ: Princeton University Press, 2008).

<sup>86</sup> Gerald Chan, Pak K. Lee and Lai-Ha Chan, *China engages global governance: a new world order in the making?* (London: Routledge, 2012).

<sup>87</sup> Scott Kennedy, ‘China in global governance: what kind of status quo power?’, in S. Kennedy and S. Cheng, *The growing role of China in global governance* (Bloomington, IN: Research Centre for Chinese Politics and Business, 2012), p. 11.

<sup>88</sup> Other prominent Chinese nationals at the IMF include Min Zhu, Deputy Managing Director of the IMF. Dr Zhu was formerly a Deputy Governor of China’s central bank and Group Executive Vice President at

that 'China' is exerting a degree of influence over its close (and not so close) neighbours, both through its growing importance as a trade partner and as a source of investment.<sup>89</sup> Two points are worth making about this observation, however. First, the fact that some of its neighbours have been forced to come to terms with China simply because of its material importance is not to say that influence, let alone cordial relations, will necessarily result. On the contrary, there is a sharp disjuncture between China's economic and strategic positions in East Asia, where the latter is a growing source of tension.<sup>90</sup> In short, economic interdependence is no guarantee of ideational influence, let alone stability. Second, even those countries that are not threatened strategically by China and ostensibly benefit from Chinese investment are not always comfortable with the reality of China's corporate presence. Indeed, not only is the China model often not appropriate—for countries in Africa, for example—but China is continually having to fend off accusations of 'neo-colonialism'.<sup>91</sup> Although this is a rather ironic situation for the former champion of the developing world to find itself in, in many ways the allegation is a telling symbol of both how far 'China' has come and how far it has to go, at least in terms of being a coherent and unambiguous influence over the policies of its interlocutors.

## Concluding remarks

Is there a Chinese model of economic development? Up to a point, perhaps. There *are* distinctive features of the Chinese developmental experience, of course, but the prominent role played by the state in China is far from unprecedented in East Asia and persists in other notionally 'communist' states in the region.<sup>92</sup> There is, therefore, nothing that entirely distinguishes China from other states of the region—other than the sheer scale on which the development process has occurred—and nothing that one could point to as a decisively *Chinese* model of development. There is plenty that is distinctive and different, especially when compared to Anglo-American alternatives, but this does not of itself constitute a 'model' of, or template for, development in quite the same way that the Washington Consensus did. Even if the Washington Consensus was not always strictly adhered to—even in the United States itself—it did represent a readily identifiable brand of economic theory that could be promoted as a coherent package. The Beijing Consensus, by contrast, offers no such transferable template.

Seen in comparative perspective, therefore, the Chinese and American experiences not only shine a revealing light on the relatively limited impact of China

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the Bank of China. Another Chinese national is Jianhai Lin, Secretary of the Fund and the International Monetary and Financial Committee.

<sup>89</sup> Dilip K. Das, 'A Chinese renaissance in an unremittingly integrating Asian economy', *Journal of Contemporary China* 18: 59, 2009, pp. 321–38.

<sup>90</sup> International Crisis Group, *Stirring up the South China Sea (I)* (Brussels: ICG, 2012).

<sup>91</sup> Chris Alden and Christopher R. Hughes, 'Harmony and discord in China's Africa strategy: some implications for foreign policy', *China Quarterly* 199: 1, 2009, pp. 563–84.

<sup>92</sup> Mark Beeson and Hung Hung Pham, 'Developmentalism with Vietnamese characteristics: the persistence of state-led development in East Asia', *Journal of Contemporary Asia* 42: 4, 2012, pp. 539–59.

as a potential developmental role model, but they also serve as a reminder of the surprising durability of the Washington Consensus. Despite the GFC and the United States' central role in precipitating it, broadly neo-liberal policies continue to enjoy the support of the IFIs and many national governments. True, in some cases, such as Greece and Ireland, distressed circumstances and lack of leverage may leave governments with little option other than to follow the policy injunctions of the IMF. Even in the United States itself, though, there is little appetite for meaningful reform of the financial sector, despite its role in causing the crisis.<sup>93</sup>

Significantly, the dominance of neo-liberalism and policies broadly associated with the Washington Consensus is not simply attributable to ideas or even institutional inertia. The US economy is—for the moment, at least—still the biggest in the world, and its financial sector and currency retain a 'structural' importance to the world economy that shows few signs of disappearing, despite apparent Chinese unhappiness with the prevailing order.<sup>94</sup> Even the greatest economic crisis since the Depression was not sufficient to definitively shift the extant ideational, institutional and international order. Although China's material significance has plainly grown enormously, at this stage there has been no concomitant growth in its ideational influence—the growing interest in Chinese 'soft power' notwithstanding. For all its apparent shortcomings, the Washington Consensus is still winning the battle of the paradigms, largely because it has become the highly institutionalized, taken-for-granted, conventional wisdom, with apparently no credible rivals. Until Chinese policy-makers come up with a coherent alternative, and have the political and institutional capacity to make such views influential, American hegemony may well persist. Change may well occur if the United States declines and China continues to rise again, but at this point, some of the principles associated with the Washington Consensus may persist for want of an alternative.

<sup>93</sup> Andrew Baker, 'Restraining regulatory capture? Anglo-America, crisis politics and trajectories of change in global financial governance', *International Affairs* 86: 3, May 2010, pp. 647–63; Martijn Konings, 'Rethinking neoliberalism and the subprime crisis: beyond the re-regulation agenda', *Competition and Change* 13: 2, 2009, pp. 108–127.

<sup>94</sup> Jamil Anderlini, 'Global insight: China's "great power" call to the US could stir friction', *Financial Times*, 4 June 2013; Mark Landler, 'Seeing its own money at risk, China rails at US', *New York Times*, 15 Oct. 2013.

