

A CHINA MODEL?

GLASSHOUSE FORUM CONTINUES THE DEBATE ON WHETHER THERE IS SUCH A THING AS A “CHINA MODEL” AND TRIES TO GRASP WHAT “SOCIALIST MARKET ECONOMY” IN FACT MEANS.

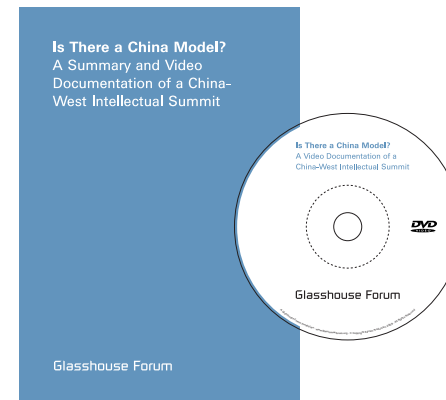
A China Model?
Understanding the Evolution of
a “Socialist Market Economy”
Orion A. Lewis
Jessica C. Teets

Glasshouse Forum

In February 2009, Glasshouse Forum convened leading academics from China and from the West to a China-West Intellectual Summit near Paris. The starting point for the discussion was that 20 years have now passed since Francis Fukuyama launched his renowned theory on the end of history. Liberal democracy on a capitalistic base had triumphed over its rivals. Those who did not adopt this system would be hopelessly outdistanced. The country that most clearly refutes this hypothesis is China. It has seen unparalleled economic development at the same time as the regime has retained its grip on society and the economy.

Can one speak of a Chinese model, an authoritarian capitalism, which may even inspire others, in particular when the crisis emanating from the USA is leading many to look critically at the West? In the video documentation *Is There a China Model?* we can follow the occasionally tense debate on the issue of whether there is such a

model and whether the rest of the world, including the West, might have something to learn from it.



The film *Is There a China Model?* and a written summary can be downloaded on glasshouseforum.org.

It was manifest that the Chinese participants considered China well positioned to handle the global economic crisis. There was some uncertainty however over how to characterise the system in China and how one might theoretically describe the major changes that have taken place in recent decades. Representatives for the new Chinese Left underscored the socialistic element, but it is not easy to grasp what “socialist market economy” in fact means. How should one define the Chinese economic model? What are the differences and similarities in the state’s role in the market and welfare provision when compared to American liberal capitalism, the European social model and the Scandinavian welfare model?

There was no really satisfactory answer to these questions during the China-West Intellectual Summit, and Glasshouse Forum therefore asked the American political scientists Orion A. Lewis and Jessica C. Teets of Middlebury College to try

to clarify matters in a comparative perspective, and to discuss the implications of the global economic crisis on China’s socialist market economy.

In their report *A China Model? Understanding the Evolution of a “Socialist Market Economy”*, Lewis and Teets suggest that part of the difficulty in understanding the Chinese market is that it attempts to bridge the state-market relationship under a command economy with one under a market economy. The relationship between the state and the market follows a gradual evolutionary path, where policy constantly adapts to changing political and economic obstacles to further reform. The slogan “crossing the river by groping for stepping stones” most accurately describes this economic process. Instead of emulating a specific model of capitalism, Chinese leaders desire to promote a uniquely Chinese model of development.

Lewis and Teets contend that the development of the socialist market economy is shaped primarily through the elite debate over the appropriate relationship between state and market, and resembles an ad-hoc series of compromises between neo-liberal reformers on the right and the socialist left rather than a coherent “China model” of development. Neo-liberal market reformers dominated economic policy during the post-Tiananmen period of the 1990s, pushing through reforms to downsize the state-owned sector and transition to more of a regulatory state. However the “new left” – critical of neoliberalism and advocating greater social welfare – has emerged as an important political force in recent years. The current global economic crisis amplifies this trend, creating important implications for understanding China’s future economic policy.