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Rethinking China's Model: Contending Perspectives on Chinese Economic Reform and State Governance

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Wang Mengkui ed. *Thirty Years of China's Reform*. London and New York: Routledge. 2012.

Joseph Tse-Hei Lee, Lida V Nedilsky, Siu Keung Cheung (eds.) *China's Rise to Power: Conceptions of State Governance*. New York: Palgrave Macmillan. 2012.

China has made impressive economic achievements over the course of its last thirty years of reform. As the country becomes the world's second largest economy and actively seeks a peaceful rise as a global power, the discussion of the so-called "China model" (*zhongguo moshi*) or China developmental model (*zhongguo fazhan moshi*) attracts scholars from both within and outside China. The debate surrounding China's rise focuses on deciphering China's developmental model and determining whether it can provide a unique model for the developing world. To many people, the year 2005 added further interest in this model when then-President Hu Jintao placed the building of a harmonious society at the top of the agenda for both the state and the party. This move indicated that top Chinese leaders aimed to revise the previous reform model (which overtly focused on economic growth) and shift towards social reform. This "harmony policy" was designed to address China's looming social and economic problems, including the widening gap between rich and poor, the prevalence of corruption and crime, and the appearance of an unjust world order. However, not everyone has been optimistic about such a change. To some, this new policy, despite its declared focus on harmony, would not change the inherently contradictory nature of China's developmental model—i.e. one that combines authoritarian rule with a market-oriented economy in a context of state-led capitalism. The two books under review present the two very different views on China's model.

The first book, *Thirty Years of China's Reform*, is a collection of essays that surveys the main areas of China's reform (from 1979 to 2009). The chief editor, Wang Mengkui, well-known as the "first pen" of the State Council, was the chairman of the China Development Research Foundation when the book was first published in 2009. Like Wang, all contributing authors were either senior government researchers or officials who designed and implemented the reform policies under review within the text. Thus, it is no surprise that this scholarly work shares, in general, an official view of the discourse surrounding China's reform. Moreover, the Chinese edition of the book was organized by the China Development Research Foundation and first published in 2009, a year that marks the 30th anniversary of the beginning of China's reform. The main purpose of the book is to promote "broader understanding of the Chinese model of reform" and "a more positive appreciation of the country's methods" (xvii).

The volume starts with "an overview of the situation in China." The first essay gives a general description of China's basic political, economic, social, and cultural system and its relationships with the outside world since 1949. This introductory essay helps to contextualize the thirty years of China's reform and provides an official history of the "new democratic revolution" started by the Communist party in the early twentieth century. The second essay, "The evolution of China's reform and development process," analyzes the general trends and approaches of China's reform during the same period of time. The chapter stresses the

uniqueness of China's reform model and suggests the possibility of applying this model to other developing countries. The essay questions the credibility of the Western model (i.e. the Washington consensus)¹ and argues that though China's model does not follow the prescription of the Western model, China's model does address China's problems in its own, creative ways and, therefore, is a better approach to development.

The remainder of the book is composed of essays focusing on specific areas of the reform, primarily in the economic sphere. The process of reform began in rural China in 1978. Chapter 3 delineates the discourse of this rural reform and reviews the major accomplishments and contradictions it continues to face. In the 1980s, the economic reform started to extend into cities. Chapters 8 and 10 deal with urban reform and discuss the reform and development of state-owned and private enterprises (both small and medium-sized), respectively.

The "opening up" of China to the rest of the world is another key component of China's economic reform. There are two chapters designated to analyze the process of China's engaging with global economy since 1979. Chapter 4 examines the overall strategies and policies associated with the opening up of China and suggests a path for China's future economic globalization. Citing changes in the international trade environment and the growing friction China has experienced with other countries, the chapter urges the Chinese government to adopt a new model that will encourage high-tech products and solve growing trade conflicts. Chapter 16 takes a close look at China's cooperation with international financial institutions, particularly the World Bank and the Asian Development Bank, over the past thirty years. On the one hand, the chapter acknowledges the significant contributions that the international institutions have made to China's economic development; on the other hand, the chapter also argues that such institutions have limitations when it comes to helping China implement its social reforms and construct a "harmonious society."

To many, the success of "China's developmental model" lies in the fact that the country undertook the job of transforming itself from a planning-economy to a market-economy while maintaining its basic economic stability and orderly growth. The majority of the chapters analyze how the balance was achieved in specific areas. Chapter 5 examines how the macroeconomic regulatory system was established to help make transition and enable the state to regulate the national economy throughout the transition. More specific studies were conducted on how new market-economy tools and mechanisms were introduced and established in order for China to create its own market economy and capitalist system. Chapter 6 covers fiscal and tax reform, and chapter 7 provides a brief review of the development of capital markets. In most of the top-down reforms, the Chinese government has continuously employed a synthesis of planned- and market-economy regulatory measures, such as monetary policies (chapter 11), price reforms (chapter 12), China's RMB exchange-rate system (chapter 13), labor markets (chapter 14), and goods circulation and distribution systems (chapter 15). The authors' examination of these measures supports the argument that the "two-track system" China has employed addresses China's special socioeconomic circumstances and, thus, has been the correct approach to take.

In the volume, there are only four chapters dealing with the issues of social development—poverty, social security, education, and healthcare—which shows that social reform was never the focus of China's economic reform. Nonetheless, after Hu Jintao and other Chinese leaders called for "building a harmonious society," social reform and construction started to receive more attention, becoming an integral part of China's model, at least

¹ The "Washington consensus" prescription for standard reform package includes rapid privatization, price liberalization, and a tight macroeconomic policy.

rhetorically. Although all four of the essays in question try to present an appreciation for the need for and importance of social development, the overall picture with respect to the development of China's social structures is much less optimistic. The studies presented in the chapters reveal some shared obstacles to actual development of social quality, including disparities between urban and rural areas, lack of investment and resources, poor design of mechanisms, and inadequate implementation of reforms, particularly at the local government level. For instance, China's healthcare reform still does not have long-term mechanisms, and most of the policies with respect to healthcare reform are, in fact, just short-term expedient measures to deal with specific issues of concern or crisis. Meanwhile, the diversifying needs of the healthcare service are often at odds with the monolithic supply system based in state-led authoritarian capitalism.

Overall, the book constitutes a serious attempt made by the Chinese government to theorize China's model and promote its global significance. However, essays of the volume show that the reform has primarily been driven and shaped by state policy and that such state-led authoritarian capitalism does not have the mechanisms to transfer power to entrepreneurs and financial professionals. The book falls short of producing any coherent theory on China's reform, but it suggests that China's developmental model is still an ongoing process. Importantly, the model has yet to include authentic social reform even as China's development strategy continues to shift towards building what the country calls a "harmonious society" (442).

The second book under review is *China's Rise to Power: Conceptions of State Governance*. It approaches China's current rise as an economic and political power from a very different angle than the first book. While Chinese communist leadership has tried to claim the twenty-first century as China's century and present China's model as unique for the developing world—one that combines the transformative power of a market economy and the super-stability of authoritarian rule—this work argues that the widespread appeal of this model has always been accompanied by long-standing domestic disharmonies, discontents, and disorders. As an academic collaboration of scholars from Australia, Canada, China, Finland, Great Britain, Hong Kong, Macau, South Korea, and the United States, the book sheds critical light on China's contemporary politics of building a harmonious society (*hexie shehui*) and the country's "peaceful rise" (*heping jueqi*). The ten essays investigate different modes of the rhetorical politics of harmony—especially the Communist state's use of Confucianism, popular music, online regulations, historical memories, healthcare, and food security—meant to appeal to its people. The study highlights the fault lines visible in China's social infrastructure and the fragile foundation of current Chinese politics. In so doing, the book calls into question not only China's development model but also the very prediction that China will unquestionably rise to the position of the world's greatest superpower in the twentieth first century. Instead, the book argues for the possibility of an alternative course of development and social reform that stems not from government or party dictates but organically, from the people.

Joseph Tse-Hei Lee and Lida V. Nedilsky, in the introductory chapter, give a brief description of China's global appeal from both historical and contemporary perspectives. The historical perspective focuses on the profound continuities and changes of China's political appeal from the Maoist era (1949-1976) to the Reform period (1976 to the present). This portion of the text questions the common view that sees China's economic reform and opening up as a break from the Maoist vitriol. The study conducted in this chapter illustrates how many of the current political and governance strategies employed to secure an authoritarian rule and defend against social chaos were also widely used in Mao's era. In addition, the chapter introduces a

new framework of *yin* and *yang* in Daoist cosmology to conceptualize the dialectic relations between appeal and discontent. This new lens of *yin* and *yang* reconciles two distinct approaches to the study of contemporary China: (1) the fields of political science and international relations concentrating on geopolitics, balance of power, and realpolitik and (2) the fields of humanities and social sciences emphasizing historical context, deep structures, and a closer reading of many different kinds of texts.

The next two chapters analyze official rhetoric on the building of a harmonious society, which offers an opportunity for an ideological move and transition of state policy. Chapter 2, by Kelvin C. K. Cheung, explores the instrumental value of Confucianism in contemporary Chinese politics. It analyzes how this ancient philosophy has been recast as a new cultural symbol to project a benevolent image of China to the outside world, to advance China's domestic control, to foster a common identity among Chinese people (particularly to win the hearts and minds of Taiwanese), and to provide a new source of legitimacy for China's authoritarianism. Chapter 3 offers a feminist critique of harmonious society discourse. Using a keyword approach, Sharon R. Wesoky shows how cultural nationalism and socialism have remained central to the phenomenon of the new Confucian revival in China and abroad. She also points out that the democratic promise of harmonious society does offer a chance for women and women's groups to impose an alternative modernity as they participate along with the state in defining harmony.

The rest of chapters reveal a wide range of management strategies that the Chinese government is developing in the discourse of building "a harmonious society," including "soft propaganda" in state media and cyberspace, standardized historical memories, constructed interethnic harmony in a deeply divided frontier, and control over body and health. In the new information age, the Chinese state has to use new technologies to appeal to its people. In Chapter 4, Lauren Gorfinkel analyzes the different ways that the state promulgates its political goals on state-sponsored TV. The study also shows how music-entertainment programs have been carefully designed by the state to appeal to domestic and international audiences with ideological messages. Chapter 5 explores the attempts by the state to build a harmonious online society, both internally (with hard, punitive tactics) and internationally, with a softer approach. Sidney Y. Liu analyzes both the international appeal of and domestic resistance to China's top-down model of Internet governance and explores how it gradually evolved.

Historical experience is another critical site in building a harmonious society. In Chapter 7, Martin Fromm explores how competing personal and local historical claims surrounding the Blagoveshchensk massacre² were integrated into a homogenous narrative that affirmed the current government's goals. As a result, the historical memory of the massacre is such that it is no longer about foreign aggression or victimization but a celebration of "commercial expansion" and the "entrepreneurial spirit." The same sort of memory politics can also be seen in Chapter 8, which examines how the Macau Museum³ has created a new standard for retelling the region's own story. Through studying the history of the museum and the content of its exhibitions, Kam-Yee Law argues that the type of harmonious exhibits on display at the museum and the absence of any display of antagonism toward the Portuguese or Portuguese imperialism in the Macau Museum reflect the changing diplomacy and global strategy of a rising China.

² Blagoveshchensk massacre were a series of military clashes and killings along the border of China and Russia in 1900.

³ The Macau Museum was built right before Macau was returned to China and ended its history of a Portuguese colony since the mid-sixteenth century. The museum has highlighted much of the city's Portuguese cultural heritage along with the Chinese one.

Although most chapters address the *yang* side of the country's transformation, imposed by a powerful state, the discourse of building a harmonious society is by no means completely shaped by state policy. In chapter 6, through a close analysis of the everyday political vocabulary of Han men and women in Urumqi,⁴ Elena Caproni argues that the long-standing chauvinism within the Han community and the current urban culture of the Han people have both failed to instill the values of interethnic harmony and mutual cooperation in the Urumqi region, despite the promotion of such values being among the professed aims of the Urumqi government, situated in the capital city of Xinjiang region. Another major state-society tension weakening China's harmony is the growing public anger and dissatisfaction with the government's failure to provide equitable health care. In chapter 9, Ka-che Yip examines the nature and consequences of some of the serious health-care problems that have emerged in the past few decades and the impact of such problems on the government's ability to build a harmonious and prosperous society. As the study shows, factors like the decentralization and marketization of China's healthcare system, growing inequalities, and the urban-rural divide have seriously undermined the country's healthcare reform. The rise of new and resurgent infectious diseases has further complicated the situation. In the last chapter, Siu-Keung Cheung uses empirical findings to examine how China effectively exploited the supply of water and food as a political tactic to counter the British colonial influence and to win minds and hearts of the people of Hong Kong before 1997. Like the chapter before it on the Macau Museum, this study reveals the ways in which China seeks to influence practices along its border and secure harmonious relations with western countries within the political model of "one country, two systems" (*yiguo liangzhi*). Cheung argues that China's Hong Kong policy has historically hinged on its supply of material goods and has continued to use this bio-political strategy to win over the majority of the local population to its "one country, two systems" model.

Taken as a whole, this book covers diverse aspects of the rise of China, all related not only to the state-sponsored wish for a harmonious society but also to the reality of the discontent that remains nonetheless. Essays of the volume are well chosen and carefully organized to reveal a multitude of governance issues, varying regionally from Xinjiang in the northwest to Hong Kong in the southeast and topically from feminism to memories of a 1900 massacre, each revealing its own unique contradictions. The approaches utilized in each chapter draw upon the strengths of different disciplines and, thus, vary in the methodologies: some analyzing historical records, some relying upon a cultural studies approach, some using theoretical explorations, and most presenting statistics and other empirical findings. The work also generates a thought-provoking conceptual framework of *yin* and *yang* to understand the dialectic tension between state and society in current China. Overall, this book is a real contribution to the literature on contemporary China.

Comparing the two books, we see two contending perspectives on China's model and its recent rise as a global power. The first one is clearly an attempt by the Chinese government to construct China's model and promote it as an alternative model to the Western free market economy. The second is an attempt to deconstruct China's model and reveal the long-term structural challenges embedded within China's state-led authoritarian capitalism. While the first work celebrates China's rise and its unique model, arguing that such a model may be employed elsewhere in the developing world, the second book warns of the shaky state foundation

⁴ Urumqi is the capital of Muslim-populated Xinjiang Uyghur Autonomous Region in northwestern China. The city has witnessed new waves of interethnic conflict particularly between two ethnicities—Hyghur and Hans since the early 1990s.

supporting China's policies and illustrates the state's limitations in employing policies of assimilation and co-optation to ease and cover up worsening social tensions.